

### Important Service Tax Amendments applicable with effect from 1<sup>st</sup> October, 2014

There are a few notifications which are applicable with effect from 1<sup>st</sup> October 2014. A gist of the same compiled is as under:

<i>S. No.</i>	<i>Notification No.</i>	<i>Related to</i>	<i>Matter</i>
1	Notification No. 18/2014-ST dated August 25, 2014	Clause (A) of Section 114 of the Finance (No.2) Act, 2014	<p>Changes made in Interpretation of various terms:</p> <ul style="list-style-type: none"> <li>• Clause (32) of Section 65B of the Finance Act which contains the meaning of "Metered Cab" will not include radio taxi in its purview from the Effective date.</li> <li>• A new clause (39a) has been inserted under Section 65B of the Finance Act containing the meaning of "Print Media" which is as follows:</li> </ul> <p><i>"Print media" means,-</i></p> <p>(i) "book" as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867), but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;</p> <p>(ii) "newspaper" as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867 (25 of 1867)</p>
2	Notification No. 18/2014-ST dated August 25, 2014	Clause (B) of Section 114 of the Finance (No.2) Act, 2014	<p>Changes made in the Negative List of Services:</p> <ul style="list-style-type: none"> <li>• Section 66D(g) of the Finance Act has been substituted with the new clause, which is as follows:-</li> </ul> <p>(g) "selling of space for advertisements in print</p>

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

**Lunawat & Co.**

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).

			<p>media;”</p> <p>Earlier this clause read as under:</p> <p><i>(g) "selling of space or time slots for advertisements other than advertisements broadcast by radio or television”</i></p> <p>Hence, to broaden the tax base in Service tax, Sale of space or time for advertisements in broadcast media, namely radio or television, extended to cover such sales on other segments like online and mobile advertising, etc. Sale of space for advertisements in print media however would remain excluded from Service tax.</p> <ul style="list-style-type: none"> <li>• Sub-clause(vi) of Section 66D(o) of the Finance Act has been substituted and the new clause is as follows:-</li> </ul> <p><i>(vi)"metered cabs or auto rickshaws;”;</i></p> <p>Earlier this clause read as under:</p> <p><i>(vi) "metered cabs, radio taxis or auto rickshaws;”</i></p> <p>Service provided by radio-taxis brought under the Service tax. The abatement of 60% presently available in terms of Notification No. 26/2012-ST Dated 20-6-2014, duly amended by Notification No. 8/2014-ST Dated 11-7-2014, to rent-a-cab service would also be made available to radio taxi service, to bring them on par.</p>
3	Notification	Clause (C) of	Changes made in Rate of Exchange for valuation

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

**Lunawat & Co.**

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).

	No. 18/2014-ST dated August 25, 2014	Section 114 of the Finance Act, (No.2) Act, 2014	<p>of Export or Import of Services:</p> <ul style="list-style-type: none"> <li>Explanation to Section 67A of the Finance Act has been substituted and the new Explanation inserted as under:-</li> </ul> <p><i>“Explanation.—For the purposes of this section, “rate of exchange” means the rate of exchange determined in accordance with such rules as may be prescribed.”</i></p> <p>Earlier this explanation read as under:</p> <p><i>“Explanation.— For the purposes of this section, “rate of exchange” means the rate of exchange referred to in the Explanation to section 14 of the Customs Act, 1962.’; (52 of 1962.)”</i></p>
4	Notification No. 19/2014-ST dated August 25, 2014	Insertion of Rule 11 and Rule 12 in the Service Tax Rules, 1994	<ul style="list-style-type: none"> <li><u>Determination of Rate of Exchange (Rule 11)</u> – The rate of exchange for determination of value of taxable service shall be the applicable rate of exchange as per the generally accepted accounting principles on the date when point of taxation arises in terms of the Point of Taxation Rules, 2011.</li> <li><u>Power to issue supplementary instructions (Rule 12)</u> – The Board or the Chief Commissioners of Central Excise may issue instructions for any incidental or supplemental matters for the implementation of the provisions of the Act.</li> </ul>
5	Notification No. 25/2014-Central Excise (N.T.) dated August 25, 2014	Amendment in Rule 12AAA of the Cenvat Credit Rules, 2004	<p>The Rule prescribes power of CG to impose restrictions on certain types of cases to prevent misuse of provisions of the Credit Rules.</p> <p>Earlier, the CG was empowered to impose certain restrictions on a manufacturer, first stage and second stage dealer or an exporter only but now the restrictions can also be imposed on “provider</p>

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

**Lunawat & Co.**

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).

			of taxable service”.								
6	Notification No. 12/2014-ST Dated 11-7-2014	Variable Rates of Interest for Delayed Payment of Service Tax	<p>To encourage prompt payment of Service tax, new interest rates on delayed payments under Section 75 of the Finance Act, 1994, which would vary as per the extent of delay has been prescribed as under:</p> <table border="1"> <thead> <tr> <th><i>Extent of delay</i></th> <th><i>Simple interest rate per annum</i></th> </tr> </thead> <tbody> <tr> <td>Up to six months</td> <td>18%</td> </tr> <tr> <td>More than six months and up to one year</td> <td>18% for first six months and 24% for the period of delay beyond six months.</td> </tr> <tr> <td>More than one year</td> <td>18% for first six months, 24% for second six months and 30% for the period of delay beyond one year</td> </tr> </tbody> </table> <p>As specified in the proviso to section 75, 3% concession on the applicable rate of interest will continue to be available to the small service providers, whose value of taxable services provided in a financial year does not exceed Rs. 60 Lacs during any of the financial years covered by the notice or during the last preceding financial year, as the case may be.</p>	<i>Extent of delay</i>	<i>Simple interest rate per annum</i>	Up to six months	18%	More than six months and up to one year	18% for first six months and 24% for the period of delay beyond six months.	More than one year	18% for first six months, 24% for second six months and 30% for the period of delay beyond one year
<i>Extent of delay</i>	<i>Simple interest rate per annum</i>										
Up to six months	18%										
More than six months and up to one year	18% for first six months and 24% for the period of delay beyond six months.										
More than one year	18% for first six months, 24% for second six months and 30% for the period of delay beyond one year										
7	Notification No. 9/2014-ST Dated. 11-7-2014:-	Changes in the Service Tax Rules, 1994	E-payment of Service tax made mandatory with effect from October 1, 2014. Relaxation from e-payment may be allowed by the Deputy Commissioner/ Asst. Commissioner on case to case basis.								
8	Notification No. 10/2014-	Changes in Partial Reverse	In case of Renting of motor vehicle where the service provider does not take abatement, the								

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

**Lunawat & Co.**

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).

	ST Dated 11-7-2014:-	Charge Mechanism	portion of Service tax payable by the service provider and service receiver has been modified as 50% each effective from October 1, 2014.
9	Notification No. 11/2014-ST Dated 11-7-2014	Changes in the Service Tax (Determination of Value) Rules, 2006	In Rule 2A (ii) of the Service Tax (Determination of Value) Rules, 2006, Category 'B' (70%) and 'C' (60%) of Works Contract has been merged into one single category, with percentage of service portion as 70%, for the chargeability of Service tax.
10	Notification No. 13/2014-ST Dated 11-7-2014	Changes in the Point of Taxation Rules, 2011	<p>The Point of Taxation in respect of Reverse Charge under the first Proviso to Rule 7 of the POT Rules has been amended to be the payment date or the first day that occurs immediately after a period of three months from the date of invoice, whichever is earlier.</p> <p>The said amendment will apply only to invoices issued after October 1, 2014. A transition rule for the same has also been prescribed under new Rule 10 of the POT Rules.</p>
11	Notification No. 8/2014-ST Dated 11-7-2014	Changes in Abatement	<p>Taxable portion in respect of transport of goods by vessel has been reduced from 50% to 40% with effect from October 1, 2014.</p> <p>Service related to transportation of passenger by air-conditioned contract carriages has now become taxable. Therefore, a new entry is inserted at Sr. No. 9A providing taxable portion of such services to be 40% with the condition that Cenvat credit of inputs or capital goods or input services has not been availed.</p> <p>The condition in entry No. 9 is amended with effect from October 1, 2014 allowing credit of input service of renting of a motor cab if such services are received from a person engaged in the similar business i.e. a sub-contractor providing services of renting of motor cab to the</p>

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

**Lunawat & Co.**

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).

			<p>main contractor. The whole of the Cenvat credit has been allowed with respect to input service of renting of any motor cab, received from a person who is paying Service tax on 40% of the value of services. The Cenvat credit eligibility will be restricted to 40% of the credit of the input service of renting of any motor cab if Service tax is paid or payable on full value of the services i.e. no abatement is availed.</p> <p>Effective from October 1, 2014, the service of tour operator is also being allowed to avail Cenvat credit on the input service of another tour operator, which are used for providing the taxable service.</p>
12	Notification No. 14/2014-ST Dated 11-7-2014	Changes in Place of Provision of Services Rules, 2012	<p>Definition of 'Intermediary' has been amended to include intermediary of goods in its scope. Accordingly, an intermediary of goods, such as a commission agent or consignment agent shall be covered under Rule 9(c) of the POP Rules instead of Rule 3 of the POP Rules.</p>

This document has been compiled as service to our clients. We recommend that you seek professional advise prior to initiating action on specific issues.

***Lunawat & Co.***

Chartered Accountants

E-mail: [ca@lunawat.com](mailto:ca@lunawat.com), [lunawat@vsnl.com](mailto:lunawat@vsnl.com).

Website: [www.lunawat.com](http://www.lunawat.com).