

# RNM ALERT

*SPECIAL ISSUE*  
*April 1, 2015*

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## *Change in Provisions of Service Tax statutes with effect from 1<sup>st</sup> April, 2015 in the Light of The Finance Bill, 2015*

*Higher rate of service tax (from 12.36% to 14%) will become effective only when the Finance Act, 2015 becomes effective and thereafter a Notification is issued mentioning the effective date higher rate, till then service tax @ 12.36 will be applicable, But with effect from 1<sup>st</sup> April, 2015 following change have been made applicable:-*

### **Imposition of Service Tax on Following services:-**

- Construction of Airport/Port:- Services by way of construction, erection, commissioning, or installation of original works pertaining to an airport, port has become taxable.
- Performance by Artist:- If services provided by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre and the consideration charged for such performance is more than one lakh rupees then service tax is applicable:
- Transportation of Foodstuff:- Service tax has been imposed on services provided by way of transportation of foodstuff including, tea, coffee, jaggery, sugar, milk products, edible oil, alcoholic beverages by rail, vessel or goods transport agency from one place in India to another but does not include milk, salt and food grain including flours, pulses and rice.
- Selling of Lottery Tickets:- Service Tax on services by selling or marketing agent of lottery tickets to a distributor or a selling agent;
- Services regarding Mutual Fund:- Services by distributor to a mutual fund or asset management company.
- :- Services Regarding telephone calls:- Services by way of making telephone calls from -
  - (a) departmentally run public telephone;
  - (b) guaranteed public telephone operating only for local calls; or
  - (c) free telephone at airport and hospital where no bills are being issued;

### **Exemption from service tax to the following services:-**

- Services provided by operator of Common Effluent Treatment Plant by way of treatment of effluent;
- Services provided by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;

- Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo;
- Service provided by way of exhibition of movie by an exhibitor to the distributor or an association of persons consisting of the exhibitor as one of its members.
- life insurance services provided by way of Varishtha Pension Bima Yojna.
- services provided by any person by way of transportation of a patient in an ambulance.
- If an exporter of goods receives taxable services for transport of the goods by goods transport agency in a goods carriage from any container freight station or inland container depot or directly from their place of removal to Land Customs Station and such goods are exported then such service is exempted from applicability of Service Tax. The exporter shall have to produce the consignment note, by whatever name called, issued in his name.

**Abatement:-**

- A uniform abatement is now being prescribed for transport by rail, road and vessel thereby service Tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of CENVAT Credit on inputs, capital goods and input services. The impact of the above amendment is that cost of transportation through road and railway is increased whereas transportation cost through vessel is get reduced.
- Service Tax will be payable on the 40% value of service by way of transportation of passengers by air, with or without accompanied belongings in economy class, and on 60% other than economy class (earlier it was 40% therefore business class travel have become costlier).



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