

## 35 Service Tax

Central Govt. has introduced service tax from Jul 1, 1994. Some important facts related to service tax act are as follows:

- 1) No registration charge
- 2) Deemed Registered within 7 days of application
- 3) Service tax is payable only if cost of services has been received
- 4) No need of maintaining any specific records
- 5) Service tax paid to avail services is adjustable with service tax payable
- 6) Facility of refund is available in case of excess payment
- 7) It is the liability of service provider to pay the service tax in most of the cases
- 8) Rate of Service tax and date of applicability changes from time to time as follows:

| Date of Applicability | Tax on Net Value of Services                      |
|-----------------------|---|
| (a) 01-07-1994        | 5 %   |
| (b) 14-08-2003        | 8 %   |
| (c) 10-09-2004        | 10 % + 2 % Education cess. Effective 10.20 %      |
| (d) 18-04-2006        | 12 % + 2 % Education cess. Effective 12.24 %      |
| (e) 01-04-2007        | 12 % + 3% Education cess. Effective 12.36 %       |
| (f) 24-02-2009        | 10 % + 3% Education cess. Effective 10.30 %       |
| (g) 01-04-2012        | 12 % + 3% Education cess. Effective 12.36 %       |
| (h) 01-06-2015        | 14 % + 0% Education cess. Effective 14.00 %       |
| (I) 15-11-2015        | 14 % + 05% Swachh Bharat cess (SBC) i.e. 14.5%    |
| (I) 01-06-2016        | 14 % + 05%(SBC) + 0.5 krishi kalyan cess i.e. 15% |

- 9) The basic exemption limit of total value of taxable services, chargeable to the service tax, has been increased from zero to Rs. 4 lakh w.e.f. Apr 1, 2005. The threshold limit of service tax exemption limit for service providers has been increased from Rs. 8 Lakh to Rs. 10 Lakh as per Finance Act, 2008. And first time service tax is leviable after rendering taxable services worth Rs. 10 lacks of services.
- 10) Return of service tax has to be filed half yearly, in central excise office of the region, on self-Assessment basis.
- 11) Payment of due service tax on taxable services provided by corporate assessee has to be made by 5<sup>th</sup> Day of coming month where as individual assessee has to pay service tax on 5<sup>th</sup> day of coming month after each quarter.
- 12) Those persons who provide more than one service can obtain service tax code on single application & pay tax in notified banks through Form No. TR6.
- 13) For late payment, penalty is charged @ 15 % per annum.
- 14) If an assessee fails to apply for registration of service tax, then a penalty of Rs. 500 can be charged under section 75 (a) of Service Tax Act.
- 15) On non-payment of service tax, penalty @ Rs.100 to 200 per day can be charged along with interest maximum up to the value of service tax.
- 16) If return is not filed, penalty of Rs. 1,000 can be charged.
- 17) W.e.f. June 1, 2016 all services, which are not covered under negative list and list of service exempt form service tax net; shall be taxable @ 15%.

