

PAYMENT OF SERVICE TAX UNDER REVERSE CHARGE

W.E.F. 11TH JULY, 2014

Description of a service	Service Provided to (Service Recipient)	Liability of Service Recipient	Remarks
Services provided by a Goods Transport Agency in respect of Transportation of Goods by Road	<p>(a) Factory registered under the Factories Act, 1948.</p> <p>(b) Society registered under the Societies Registration Act or under any other law.</p> <p>(c) Co-operative society.</p> <p>(d) Dealer registered under the Central Excise Act, 1944.</p> <p>(e) Body Corporate established, by or under any law.</p> <p>(f) Partnership firm / Association of persons;</p>	100%	<p>Services provided by a goods transport agency by way of transportation of following are exempt -</p> <p>(a) fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;</p> <p>(b) goods where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed Rs. 1,000/-; or</p> <p>(c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed Rs. 750/-;</p>
Services provided in execution of works contract by any Individual, HUF or Partnership Firm, AOP	Business entity registered as Body Corporate	50%	Where both service provider and service recipient are liable to pay tax, the service recipient has the option of choosing the valuation method as per choice, independent of valuation method adopted by the service provider

Reverse Charge Mechanism

Description of a service	Service Provided to (Service Recipient)	Liability of Service Recipient	Remarks
Services provided by way of Supply of Manpower for any purpose or security services by any Individual, HUF or Partnership Firm, AOP	Business entity registered as Body Corporate	75%	
Services provided by a director of a Company / Body corporate to the said company/ Body corporate	Company	100%	-
Services provided by way of Sponsorship , viz. naming an event after the sponsor, displaying the sponsor's company logo or trading name, giving the sponsor exclusive or priority booking rights, sponsoring prizes or trophies for competition.	Body Corporate or Partnership Firm	100%	-
Services provided by an Insurance Agent	Any person carrying on Insurance Company	100%	-
Services provided by an Arbitral Tribunal	Business entity having turnover of more than Rs. 10 Lacs in the preceding Financial Year.	100%	-
Services provided by Individual			

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Advocate or a Firm of Advocates by way of Legal Services			
Services provided by way of renting of a motor vehicle to carry passengers by any Individual, HUF or Partnership Firm, AOP on abated value	Business entity registered as Corporate Body	100%	
Services provided by Government or local authority by way of Support Services	Business entity	100%	"Support Services" means infrastructural, operational, administrative, logistic, marketing or any other support of any kind comprising functions that entities carry out in ordinary course of operations themselves but may obtain as services by outsourcing from others for any reason whatsoever and shall include advertisement and promotion, construction or works contract, security, testing and analysis;
Services provided by a recovery agent	Banking Company or a Financial Institution or a Non Banking Financial Company	100%	-
Services provided	Person located in India	100%	Place of provision of

Reverse Charge Mechanism

Description of a service	Service Provided to (Service Recipient)	Liability of Service Recipient	Remarks
in India, by any person who is located in Jammu & Kashmir or Out of India	other than Jammu & Kashmir		Service to be determined in accordance with the Place of Provision of Service Rules, 2012

Notes:

1. Under reverse charge, the threshold exemption of Rs. 10 lacs would not be available to service recipient.
2. Under reverse charge, tax shall be payable by service recipient at the time of payment to service provider. If payment of invoice is not made within 3 months from date of invoice, service tax shall be payable immediately on the expiry of three months.
3. CENVAT credit cannot be utilized for payment of service tax under reverse charge.
4. The service recipient, paying service tax under reverse charge will be eligible to avail CENVAT credit of the service tax paid, if the same is otherwise eligible for CENVAT credit.
5. A service provider needs to indicate the service tax payable by service receiver, on the invoice, when he is liable to pay only part of liability under reverse charge mechanism along with other details.
6. "Business Entity" means any person ordinarily carrying out any activity relating to industry, commerce or any other business or profession.
7. "Body Corporate" means a company or body which is incorporated under some statute but does not include Co-operative Society, Society registered under the Societies Registration Act, Trust, Partnership Firm etc.
8. The persons liable to pay service tax, as mentioned above, shall have to get themselves registered under Service Tax.