



भारतीय आयुर्विज्ञान अनुसंधान परिषद
INDIAN COUNCIL OF MEDICAL RESEARCH
स्वास्थ्य अनुसंधान विभाग (स्वास्थ्य एवं परिवार कल्याण मंत्रालय)
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No.18/1/2016-Admn-II

Dated: 11/1/2016.

To,

The Directors/Directors-in-Charge of all
Permanent Institutes/Centres of the Council

Sir/Madam,

Please find enclosed herewith a copy of D.O. No. 334/5/2015-TRU dated 28th February, 2015 received from Joint Secretary, Ministry of Finance, Deptt. of Revenue, New Delhi regarding Union Budget 2015-changes in Service Tax for information and taking further necessary action at your end.

Yours faithfully,

(Bharat Bhushan)
Administrative Officer
for Director General

Encl: as above

Copy to:-

- 1 PS to DG/Sr. DDG (A)/Sr.FA
- 2 All Divisional Heads.
- 3 Asstt. Director-General (Admn.) (AX)/(JP)
- 4 ✓ Dr. S.K. Dey Biswas, Scientist (G) with the request to place above circulars on ICMR website.

F. No. 334/5/2015-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)

M. Vinod Kumar
Joint Secretary (Tax Research Unit)
Tel: 011-23093027; Fax: 011-23093037
e-mail: m.kumar58@nic.in

D.O.F. No. 334/5/2015-TRU
New Delhi, dated February 28th, 2015

Dear Madam/Sir,

Subject: Union Budget 2015 - Changes in Service Tax - reg.

The Finance Minister has, while presenting the Union Budget 2015-16, introduced the Finance Bill in the Lok Sabha on the 28th of February, 2015. Clauses 105 to 116 of the Bill cover the amendments made to Chapter V of the Finance Act, 1994. Chapter VI of the Bill (clause 117) contains the enabling provisions relating to levy Swachh Bharat Cess, which empowers the government to impose Cess on all or any of the taxable services at the rate of 2% of the value of taxable services. Changes are also proposed in,-

- the Service Tax Rules, 1994 (STR);
- the CENVAT Credit Rules, 2004 (Cenvat Rules);

Other changes are being given effect to by inserting new entries, and amending/omitting existing entries in notification Nos. 25/2012-ST, 26/2012-ST, 30/2012-ST and 31/2012-ST. Further, notification No. 42/2012-ST is being rescinded.

- ii. recognized sporting events.
 - iii. concerts, pageants, award functions, musical performances or sporting events not covered by S. No. ii, where the consideration for such admission is upto Rs. 500 per person.
- (New entry 46 of notification No. 25/2012-ST and clause (zab) of definitions in the said notification)

These changes shall be made effective from the date the amendments being made in the Negative List concerning the service by way of admission to entertainment events come into effect.

9. Abatements:

- 9.1 At present, service tax is payable on 30% of the value of rail transport for goods and passengers, 25% of the value of goods transport by road by a goods transport agency and 40% for goods transport by vessels. The conditions prescribed also vary. A uniform abatement is now being prescribed for transport by rail, road and vessel and 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.
- 9.2 At present, Service Tax is payable on 40% of the value of air transport of passenger for economy as well as higher classes, e.g. business class. The abatement for classes other than economy is being reduced and Service Tax would be payable on 60% of the value of such higher classes.
- 9.3 Abatement is being withdrawn from services provided in relation to chit. Consequently, Service Tax shall be paid by the chit fund foremen on the full consideration received by way of fee, commission or any such amount. They would be entitled to take Cenvat Credit.

The proposed rationalization in abatements shall come into effect from the 1st day of April, 2015.

10. Reverse Charge Mechanism

- 10.1 Manpower supply and security services when provided by an individual, HUF, or partnership firm to a body corporate are being brought to full reverse charge. Presently, these are taxed under partial reverse charge mechanism.

10.2 Services provided by,-

- (i) mutual fund agents, mutual fund distributors; and
- (ii) agents of lottery distributor

are being brought under reverse charge consequent to withdrawal of the exemption on such services. Accordingly, Service Tax in respect of mutual fund agent and mutual fund distributor services shall be paid by the assets management company or, as the case may be, by the mutual fund receiving such services. In respect of agents of lottery, Service Tax shall be paid by the distributor of lottery.

This above changes in reverse charge mechanism will come into effect from the 1st day of April, 2015.

11. Service Tax Rules

- 11.1 In respect of any service provided under aggregator model, the aggregator, or any of his representative office located in India, is being made liable to pay Service Tax if the service is so provided using the brand name of the aggregator in any manner. If an aggregator does not have any presence, including that by way of a representative, in such a case any agent appointed by the aggregator shall pay the tax on behalf of the aggregator. In this regard appropriate amendments have been made in rule 2 of the Service Tax Rules, 1994 and notification No. 30/2012-ST dated 20.6.2012. This change comes into effect immediately i.e., w.e.f. 1st March, 2015.
- 11.2 Rule 4 is being amended to provide that the CBEC shall, by way of an order, specify the conditions, safeguards and procedure for registration in service tax. In this regard Order No. 1/15-ST, dated 28.2.2015, effective from 1.3.2015 has been issued, prescribing documentation, time limits and procedure for registration. It has also been prescribed that henceforth registration for single premises shall be granted within two days of filing the application.
- 11.3 A provision for issuing digitally signed invoices is being added along with the option of maintaining of records in electronic form and their authentication by means of digital signatures. The conditions and procedure in this regard shall be specified by the CBEC (rule 4, 4A and 5).
- 11.4 Rule 6 (6A) which provided for recovery of service tax self-assessed and declared in the return under section 87 is being omitted consequent to the amendment in section 73 for enabling such recovery. This change will come into effect from the date of enactment of the Finance Bill, 2015.

- 11.5 In respect of certain services like money changing service, service provided by air travel agent, insurance service and service provided by lottery distributor and selling agent, the service provider has been allowed to pay service tax at an alternative rate subject to the conditions as prescribed under rule 6 (7), 6(7A), 6(7B) and 6(7C) of the Service Tax Rules, 1994. Consequent to the upward revision in Service Tax rate, the said alternative rates shall also be revised proportionately. Amendments to this effect have been proposed in the Service Tax Rules.

The amendments specified in para 11.5 shall come into effect as and when the revised Service Tax rate comes into effect.

12. Cenvat Credit Rules, 2004

- 12.1 Rule 4(7) is being amended to allow Cenvat Credit of Service Tax paid under partial reverse charge by the service receiver without linking it to the payment to the service provider. This change will come into effect from 1.4.2015.
- 12.2 The period for taking Cenvat Credit is being extended from six months from the date of invoice to one year from the date of invoice.
- 12.3 Certain other changes are being made in the provisions of the Cenvat Credit Rules, 2004, which, *inter-alia*, include allowing Cenvat Credit on input and capital goods received directly by job workers, defining "export goods" for the purposes of rule 5, defining "exempt goods" for the purposes of rule 6, making applicable the provision of rule 9(4) to importer dealers, authorizing imposition of restrictions on registered dealers under rule 12AAA, and provisions relating to recovery of credit wrongly taken and imposition of penalty. For details, the D.O. letter of J.S (TRU-I) may please be referred to.

13. Advance Rulings:

The facility of Advance Ruling is being extended to all resident firms by specifying such firms under section 96A (b)(iii) of the Finance Act, 1994.

(Notification No. 9/2015-ST, dated 1.3.2015 refers)