

Karnataka State Road Transport Corporation

CENTRAL OFFICES -DEPT. ACCOUNTS
Post Bag No. 2778,Shanthinagar, Bangalore-560 027

NO:KST:CO:ACC:TR.ACCOUNTS/:572 :2016-17

Date: 20-05-2016

CIRCULAR NO: 02 /2016
(ISSUED BY ACCOUNTS DEPARTMENT)

Sub: Union- Budget 2016 - Changes in the Service Tax .

Ref: Circular NO. 11 of 26-09-2014.

In the Union Budget for the year 2016, several amendments and changes were brought to the Service Tax. The major amendments/ changes brought in through the Union Budget 2016 that are applicable to the Corporation are as follows:

- a. Introduction of 'KrishiKalyanCess @ 0.50% ': increase in the Service Tax Rate from 14.50% to 15.00%;**

A new Cess is introduced namely 'KrishiKalyanCess' effective from **01st of June 2016** on all taxable Services at the rate of 0.50%. Thus the total Service tax to be levied and collected will be at 15% of the Taxable Value of Services. (Service Tax 14% + Swatch Bharat Cess 0.50% +KrishiKalyanCess 0.50%).

- b. Levy of Service Tax on Air Conditioned Passenger Stage Carriage Services @ 6% of the Taxable Value wef 01st June-2016.**

At present "service of transportation of passengers, with or without accompanied belongings, **by a stage carriage**" is exempted from payment of Service Tax and it was listed in the Mega Negative List.(Section 66D Entry (o)).

Now, as per the amendment brought in the Union Budget 2016, entry (o) was omitted from the Negative List and proposed to levy Service Tax on Air Conditioned stage carriage services.

In view of the above amendment, Service Tax will be attracted on revenue collected in respect of operation of Air Conditioned Passenger Stage Carriage Services.

Hence, the Service Tax shall be levied and remitted on all Air- Conditioned stage Carriage Services on 40% of the Taxable Value (After availing 60% abatement). The amount so collected shall be accounted under a separate head of Account. **Separate instruction/guidelines in this regard will be issued by the Traffic Department.**

c. Restoration of certain exemptions in respect of services provided to Government:

Exemption from Service Tax on services provided to the Government, a local authority or a governmental authority by way of construction, erection, etc. of ;

- i. a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
- ii. a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
- iii. a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65B of the said Act;

was withdrawn with effect from 1.4.2015.

The same is being restored for the services provided under a contract which had been entered into prior to 01.03.2015 and on which appropriate stamp duty, where applicable, had been paid prior to that date. The exemption is being restored till 31.03.2020. [Notification No. 25/2012-ST as amended by notification No. 09/2016-ST dated 1st March, 2016 refers].

The services provided during the period from 01.04.2015 to 29.02.2016 under such contracts are also proposed to be exempted from service tax.

Accordingly, Service tax on Government Works in respect of contract entered before 01-03-2015 is exempted from Service Tax. **Further, Services Tax already paid if any in respect of the above category of services during the period from 01-04-2015 to 29-02-2016 will be refunded.** Action may be taken to get the refund if any.

d. Exemption in respect of Services Provided by Senior Advocates withdrawn:

At present, the services of Advocates is being covered under Reverse charge mechanism. Now, Senior Advocates are brought out of the Reverse charge mechanism and would be **levied under forward charge.**

Accordingly, Services of Senior Advocates are excluded from the purview of remittance of Service Tax under 'Reverse charge Mechanism'.

e. Filing of Annual Returns:

New sub rule (34) after sub rule (3) Rule 07 to Service Tax Rules 1994 has been Inserted.

As per sub rule 34 of rule 7 every assessee shall submit an annual return Effective from 01.04.2016 for the financial year in such form and manner as may be prescribed, on or before 30th Nov of the succeeding Financial Year.

Where annual return referred to above is filed by the assessee after the due date, Assessee shall pay late filing fee of Rs. 100 per day, subject to maximum of Rs 20,000/-.

The annual return filed above may be revised with a period of One Month from the date of submission of the Annual Return.

f. Penalty for delay in remittance of Service Tax:

Vide Notification No. 13/2016 the delay in remittance of service tax collected to the credit of Central Government on or before the due date on which such payment becomes due, attracts interest

@ 24% p.a. In any other cases interest shall be charged @ 15% p.a. This amendment shall come into force on the day financial bill 2016 received the assent of the President. i.e wef 14th May 2016

In view of the above changes, it is instructed to take suitable necessary action to comply the changes in the Services Tax.

The details of the Notifications in respect of amendments/changes and for further clarification and details, it is instructed to visit the official web site of the Service Tax Department, Government of India i.e. www.aces.gov.in.

Further for any clarification in this regard it is instructed to contact M/s K. Kotresh and Co., Chartered Accountant Bangalore under intimation to the office of Chief Accounts officer cum F.A.

Sd/-

Managing Director

To

Sr./Divisional Controller, Works Manager, Controller of Printing and Stationery, Executive Engineers CE Divisions KSRTC for information and n/action.

Copy to all the Departmental Heads, KSRTC, Central Offices, Bangalore for information and n/action.

Copy to Director (Finance), NEKRTC, Kalburgi for information and n/action.

Copy to CAO-FA, NWKRTC/BMTC for information and n/action.

Copy to Dy CAO-IA, KSRTC Central Offices for information and n/action.

Khalid
Chief Accounts Officer cum F.A.

KARNATAKA STATE ROAD TRANSPORT CORPORATION
CENTRAL OFFICES: BANGALORE
ACCOUNTS DEPARTMENT

KST/CO/ACC/TRACTS/799 A /2016-17

Date: 31-05-2016

CORRIGENDUM:


Sub: Applicability of Service Tax.

Ref: Circular No.02 Dt:20.05.2016.

Necessary instructions have been issued vide circular referred above, regarding applicability of Service tax in respect of various services availed by the corporation.

The below mentioned amendment is made under Serial no "b" under which wherever **Taxable Value** is mentioned should be read as **Total Value**.

It is informed to make note of the above changes. Other instructions issued regarding applicability of service tax remains unchanged.


Chief Accounts Officer /F.A.

- Copy: 1) All the Departmental heads, KSRTC, Central Office, Bangalore for Information.
- Copy: 2) CAO-F.A, NWKRTC/NEKRTC and BMTC for information and n/a.
- Copy: 3) CAO-I.A, KSRTC for information and n/a.
- Copy: 4) All Divisional Controllers, KSRTC, for information and n/a.
- Copy: 5) The Works Manager, KSRTC, RWB & RWH for information and n/a.
- Copy: 6) The Controller of Printing, KST Press, for information and n/a.

