

Andhra Pradesh State Civil Supplies Corporation Ltd

(A State Government Undertaking)

Regd. Office: 6-3-655/1/A, Civil Supplies Bhavan, Somajiguda, HYDERABAD -500 082

K.Ramgopal.IAS

VC & Managing Director

Lr.No.Acts /service tax /hike/2015

Dt: 21-07-2015

CIRCULAR NO-9

Sub-APSCSCL- Admn & Finance-Service Tax increased from 12.36% to 14% with effect from 01-06-2015 to be deducted / paid from **Contractors and professionals observing Reverse charge Mechanism** on various services, filing of Returns Half yearly and Annually-Reg

- Ref-1.Notification No 14/2015 Service Tax Govt of India Ministry of Finance (Department of Revenue) New Delhi Dt 19.05.2015
2. Notification No Nil. The Gazette of India Extraordinary
3. HO Circular No 36 Dt 09-04-2012 increased from 10.30% to 12.36%

Attention is invited to the references cited,

In modification to the earlier notification vide reference 3rd cited, all the General Managers at Head Office, District Managers, Zonal Managers and concerned officials were communicated that the Government of India vide its notification in the reference 1st cited informed that the Service Tax has been increased from 12.36% to 14%, flat (No Education Cess and Secondary & Higher Education Cess) which has come in to force from 01-06-2015

Further it is to inform that under all normal circumstances the Service Tax is payable by the service provider but in some cases the Government feels that the collection of service tax from the service recipient would be more easy and convenient from the angle of administration.

Mainly the Reverse charge Mechanism is applicable to the services provided for Hiring of Vehicle, Supply of man power and Execution of work Contracts etc. Reverse charge Mechanism is applicable where the service provider is an individual, HUF or partnership firm. It is not applicable where the service provider is a Company where the responsibility to remit service tax to the Government lies with the service provider only, and the service receiver has no responsibility. Hence the Status of the each service provider shall be ascertained.

ENGAGING HIRED VEHICLE; In the case of service providing, hired vehicle the

If the service provider has not availed abatement facility the respective shares of the service provider and the service receiver have been changed from 60:40 to 50:50 w.e.f.01.06.2015 However there is no change in the rate of abatement facility i.e. 60%

The position is explained in the table as follows

Value of service for a month: 30000 (Assumed)

	Service Provider's share		Service Receiver's share	
	Service Value	Tax payable@14%	Service Value	Tax payable
With abatement	Nil	NIL	Rs 12000(40%)	Rs 1680
Without abatement	Rs 15000 (50%)	Rs 2100	Rs 15000 (50%)	Rs 2100

It may be noticed from the above table that the tax liability of the service receiver is more than the service provider when service provider has not availed abatement .As such each service provider shall be required to declare on every bill submitted by him whether he has availed abatement facility or not

ENGAGING OF MAN POWER: While Engaging Man power on outsourcing basis the respective shares of the both the service provider and service receiver in the matters of service tax liability have been changed from 25 %:75% to Nil. And current rate is 100% with effect from 01.06.2015 as per GOI notification No 7/2015-Service Tax Dt 01.03.15,It means the entire tax liability held with the service receiver only.

WORK CONTRACTS: With regard to works contract like construction of buildings repairs etc the service component of the contract value is 40% in respect of fresh constructions and 70% in respect of repairs and service tax is payable on that component. The respective share of the service provider ie contractor and the service receiver is 50% each on the material component of the contract value. VAT is payable but the same should not be taken into account while working out service tax liability .the Position is explained in the following table.

	Construction	Repairs
Value of Contract(Assumed)	Rs 100000	Rs 20000
Value of service component	Rs 40000 (40%)	Rs 14000 (70%)
Service Tax payable @14%	Rs 5600	Rs 1960
Service Tax providers liability	Rs 2800 (50%)	Rs 980 (50%)

Services of Directors: Service Tax payable on the amounts paid to the Directors towards their services, like sitting fee for attending Board Meeting etc is totally payable to Government directly by the servicer receiver only. ie the Company

Remittance of Service Tax: The service tax receiver shall remit his share of service tax under Reverse charge Mechanism on the amounts paid/collected during a calendar month to different service providers by 6th of every succeeding month

Name of the service	Code. No.
Manpower supply Agency service	00440060
Rent-a-Cab scheme operator service	00440048
Works Contracts service	00440410
Other services	00441480

All remittances shall be made through electronically/ through internet banking. The District Managers may contract the local Bank official for needful help if required.

TRANSPORTATION OF GOODS BY ROAD: The freight charges payable on transportation of goods /commodities like Paddy, Rice, Wheat, Sugar, Dalls Edible Oils and Salt etc, are exempted from Service Tax.

HANDLING AND STORAGE CHARGES OF GOODS; Handling charges payable on loading and unloading of commodities like Paddy, Rice, Wheat, Sugar, Dalls are exempted from service tax .Charges payable towards packing and intermediate milling of those commodities are also exempt

The Charges payable towards storage of above commodities by warehouses are exempt from service tax. The service of storage shall not be confused with hiring of godowns as detailed below

HIRING OF GODOWNS; Storage of commodities in warehouses is different from taking godowns on hire for storage purpose. Storages charges are payable on the basis of reservation of space in the warehouse or quantity actually stored .they vary for different commodities. The responsibility for storages, on the goods stored lies with the warehouse subject to certain conditions.

When a godown is taken on hire, the tenant is free to store any commodity of any quantity (up to the godown capacity) the tenant is responsible for all shortages .The godown owner is not at all concerned with such aspects the owners service is limited to providing the accommodation on hire for a fixed amount of consideration ie rent.

While Storage is exempted from service tax u/s 66 D(d) of Finance Act 1994 as amended from time to time, till date letting out of godown accommodation is liable for service tax u/s 66 E (a) of the Act The godown owner has to pay service tax every month on rent received, where such rent received in a year exceeds Rs 10.00 Lakhs and is entitled to collect the amount from the tenant.

Therefore the Corporation has to reimburse to the godown owner the service tax paid by him in respect of the godown let-out to the Corporation, after ensuring that the godown owner has actually remitted the service tax before claiming the same from the Corporation. For this purpose it is required to submit copies of challans etc. in proof of remittance of Tax.

Further, where the amount of rent received in a year is less than Rs 10.lakhs Service tax need not to be paid. For this purpose rent received on all immovable properties belongs to one owner and accordingly it shall be taken into account. As regard the Corporation since each District office has been allotted a separate registration number, each such office shall be treated as a separate unit and the properties located in that district only shall be taken into account while applying the above exemption limit.

Further for calculation of service tax any amount of property tax paid for the period shall be reduced from the rent received. The amount of service tax so worked out shall be remitted by the District Manager by the due date every month. The Code No allotted to this service is 00440406

The amount of service tax so remitted shall be collected from the tenant along with rent.

FILING OF RETURNS: A Return of service tax is to be filed Half yearly Twice in a year ie (April-September and October -March)in the prescribed Form (ST_3)by 25th of October and 25th of April, giving month wise details of amounts paid /payable in all different services and the returns shall also be filed electronically. If needed the services of the authorized service tax firms / individuals locally available may be utilized for the purpose.

The due dates prescribed for remittances of Service Tax and filing of returns shall be strictly followed, and any delay therein leads to levy of penalties and charging of interest, the District Managers alone will be held responsible.

It is further informed that henceforth service tax has to be remitted through Online. For this purpose District Managers are directed to open a current A/C separately with zero balance exclusively for remitting service tax or any other tax depending on the need.

The receipt of the circular shall be acknowledged

Yours faithfully

Sd/-

V C & Managing Director

//t.c.f.b.o.//


GENERAL MANAGER (A&V, Fin)



Copy to

All the Functional Managers APSCSCL Head Office

All the District Managers /Zonal Managers APSCSCL

TABLE

SL No	Description of a service	Percentage of service tax payable by the person providing service	Percentage of service tax payable by the person receiving the service
1	in respect of services provided or agreed to be provided by an insurance agent to any person carrying on insurance business	NIL	100%
2.	in respect of services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road	NIL	100%
3.	in respect of services provided or agreed to be provided by way of sponsorship	NIL	100%
4.	in respect of services provided or agreed to be provided by an arbitral tribunal	NIL	100%
5.	in respect of services provided or agreed to be provided by individual advocate or a firm of advocates by way of legal services	NIL	100%
5A	in respect of services provided or agreed to be provided by a director of a company to the said company	NIL	100%
6.	in respect of services provided or agreed to be provided by Government OR local authority by way of support services excluding-(1)renting of immovable property and (2) services specified in sub-clauses (i) (ii) and (iii) of clause (a)of section 66D of the Finance Act 1994	NIL	100%
7.	(a) in respect of services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on abated value to any person who is not engaged in the similar line of business	NIL	100%
	(b) in respect of services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on abated value to any person who is not engaged in the similar line of business		

	engaged in the similar line of business		
8.	in respect of services provided or agreed to be provided by way of supply of manpower for any purpose.2.(or security services)	NIL	100%
9.	in respect of services provided or agreed to be provided in services portion in execution of works contract	50%	50%
10	in respect of any taxable services provided or agreed to be provided by any person who is located in non-taxable territory and received by any person located in the taxable territory	NIL	100%