

Service Tax - Reverse Charge Mechanism

F.Y. 2013-2014

Prepared By RAJAT JAIN (in CA Final)

S. No.	Section/Rule/Notification	Description	Rate/Formulas
1	S - 68(1)	Liability to Pay Service Tax is on Service Provider.	As Per Given Table Below
Exception	S - 68(2)	Central Govt. Can Specify Services where Both the Service Provider And Service Receiver Are Liable to Pay Service Tax Wholly or Partially	
Note	It Means That The Service Tax Rate Will Be Divided Between Service Provider And Service Receiver As Per Prescribed Rates/Rules -Called- <u>rEVERSE cHARGE mCHANISM</u>		
Service Name	Section/Rule/Notification	Rate/Formulas	
		<i>Service Provider</i>	<i>Service Receiver</i>
<i>Insurance</i>	S - 68(2)	IF Insurance Agent ↓ NIL	IF Any Entity Carrying on Insurance Business/Non - Business ↓ 100%
<i>Transportation of Goods by Road</i>	S - 68(2)	IF Goods Transport Agency / Company OR Firm OR Ind. OR AOP ↓ NIL	IF Registered Factory OR Registered Society OR Co-operative Society OR Dealer of Excisable Goods OR Corporate Body OR Partnership Firm ↓ 100%

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Service Name	Section/Rule/ Notification	Rate/Formulas	
		Service Provider	Service Receiver
<i>Sponsorship</i>	S - 68(2)	IF Any Person ↓ NIL	IF Body Corporate OR Partnership ↓ 100%
<i>Arbitral Tribunal</i>	S - 68(2)	IF Arbitral Tribunal ↓ NIL	IF Any Business Entity Carrying on Business and Includes Proprietorship OR Ind. OR Partnership Firm ↓ 100%
<i>Legal Services</i>	S - 68(2)	IF Ind. Advocate OR A Firm of Advocates ↓ NIL	IF Any Business Entity Carrying on Business and Includes Proprietorship OR Ind. OR Partnership Firm ↓ 100%
Support Service But Excludes 1. <i>Renting of Immovable Property</i> 2. <i>Services of Department of Post , Express Post, Life Insurance and Agency Services Provided to Persons Other Than Govt.</i> 3. <i>Services in Relation to Aircraft OR Vessel</i>	S - 68(2)	IF Govt. OR Local Authority ↓ NIL	IF Any Business Entity Located in Taxable Territory and Includes Proprietorship OR Ind. OR Partnership Firm ↓ 100%

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Service Name	Section/Rule/ Notification	Rate/Formulas	
		Service Provider	Service Receiver
Business of - <i>Renting of Motor Vehicle</i> Designed to Carry Passangers on ABATED VALUE or NON - ABATED VALUE to Any Person who is not Engaged in the Similar line of Business	S - 68(2)  In Case of ABATED Value	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP ↓ NIL	IF corporate Body is Taxable ↓ 100%
	 In Case of NON - ABATED Value	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP ↓ 60%	IF corporate Body is Taxable ↓ 40%
<i>Supply of Manpower</i> for any Purposes OR Security Services	S - 68(2)	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP ↓ 25%	IF corporate Body is Taxable ↓ 75%
<i>Service Portion in Execution of Works contract</i> <u>Expl - 1</u>	S - 68(2)	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP ↓ 50%	IF corporate Body is Taxable ↓ 50%

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Service Name	Section/Rule/ Notification	Rate/Formulas	
		<i>Service Provider</i>	<i>Service Receiver</i>
Taxable Services by Any Person in Non - Taxable Territory  To any Person in Taxble in Taxable Territory	S - 68(2)	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP OR Body Corporate OR Trusts  NIL	IF Ind. OR HUF OR Regd./Unregd. Partnership Firm OR AOP OR Body Corporate OR Trusts  100%
<i>Services by Director of a Company (xyz Ltd.) to Said Company (xyz Ltd.)</i>	S - 68(2)	IF Director of Company  NIL	IF Said Company  100%
When Both Service Provider and Service Receiver is the Persons Liable to Pay Tax Then 			
<u>Expl - 1</u>	The service Receptient has the Option of choosing the Valuation Method as per Choice, Independent of Valuation Method Adopted by the Provider of Service		