

News Weekly

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The Companies
Amendment Act, 2015

Team Ksa

CA Kamal Piyush
CA Navin Kumar Malik
CA Arun Kanodia
CA Rajesh Kalani
CA Rasmi Ranjan Jati
CS Anil Kumar Arora
CS Priya Srivastava
CS Aasha Rani

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SERVICE TAX

Central Government has issued most awaited notification for change in effective rate of Service Tax from 12.36% to 14%. New rates will be applicable from 1st June, 2015 (*Notification No. 14/2015-ST dated 19th May, 2015*). Corresponding changes in Rules 6 of Service Tax Rules, 1994 for increase in rate of Service Tax for:

- A. Air Travel Agent,
- B. Life Insurance Business,
- C. Foreign Exchange Brokers and
- D. Distributor & Selling Agent of Lottery

will also be applicable **w.e.f. 1st June, 2015** (*Notification No. 15/2015-ST*).

In addition following changes will be applicable w.e.f. 1st June, 2015:

- A. Service Tax on amusement facilities and Entertainment Events however exemption is available in respect of following services by way of right to admission to,-
 - a) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet;
 - b) recognised sporting event;
 - c) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission is not more than Rs. 500 per person."
- B. Service Tax on Liquor Job Work;

SERVICE TAX APPLICABLE TABLE AFTER JUNE 01, 2015

Following shall be the Rate of transactions in transit which have not been completed in entirety prior to change in rate. The following table specifies the rate of Service Tax to be applicable on transactions according to Rule 4 of Point of Taxation Rules,

Delhi: K-8, Ground Floor, Jangpura Extension, New Delhi-110014

Ph.: +91 11 24323155, Mobile: 9811061238, Fax: +91 11 24323156

Gurgaon: B-502, Suncity Heights, Suncity, Sector-54, Gurgaon-122001, Ph: +91 124 4241192

Surat: 206, Center Point, Ring Road, Surat-395002, Ph: +91 261 2462268, +91 261 2707175

Email: kamalpiyush@ksaindia.in, ksaindia.in@gmail.com, Website: www.ksaindia.in

Sl. No.	Date of Completion of Service	Issue of Invoice Date	Receipt of Payment Date	Effective Rate of Service Tax
1	Before 01.06.2015	On or after 01.06.2015	On or after 01.06.2015	14%
2		Before 01.06.2015	On or after 01.06.2015	12.36%
3		On or after 01.06.2015	Before 01.06.2015	12.36% *
4	On or after 01.06.2015	Before 01.06.2015	On or after 01.06.2015	14%
5		Before 01.06.2015	Before 01.06.2015	12.36%
6		On or after 01.06.2015	Before 01.06.2015	14%

***(to the extent advance received)**

Further, in case of reverse charge, rate would be decided according to Rule 7 of Point of taxation Rules 2011, under which, there may be two cases which are as follows:-

- If payment is made after 1-06-2015, New Rate would be applicable.
- If payment is not made within 3 months and due date arise on or after 1-06-2015, then New Rate would be applicable.

EFFECTIVE RATE OF SERVICE TAX IN CASE OF VALUATION AND ABATEMENT

The advancement of rate of Service Tax from 12.36% to 14% shall have a consequent effect on tax rates of all the services covered under abatement and valuation. For an easy reference of the rate of Service Tax applicable in case of certain services, following table can be referred:

Rate of Service Tax applicable

Sr. No.	Taxable Service	Old Effective Rate	New Effective rate w.e.f 01/06/2015
1	Financial leasing including hire purchase	1.236%	1.4%
2	Transport of goods by rail	3.708%	4.2%
3	Transport of passengers with or without accompanied belonging by rail	3.708%	4.2%
4	Supply of food or any other article of human consumption or any drink, in a premises (including hotel, convention center, club, pandal, shamiana or any place specially arranged for organizing a function) together with renting of such premises	8.652%	9.8%
5	Transport of passengers by air, with or without accompanied belongings	4.944%	5.6%
6	Renting of hotels, inns, guest houses, clubs, campsites, or other commercial places meant for residential or lodging purposes	7.416%	8.4%
7	Services of goods transport agency	3.708%	4.2%
8	Renting of any motor vehicle designed to carry passengers	4.944%	5.6%
9	Transport of goods in vessel	3.708%	4.2%
10	(i) Tour service –package tour	3.09%	3.5%

	(ii) Tour service –service solely of arranging or booking accommodation for any person in relation to a tour	1.236%	1.4%
	(iii) Tour service – simple tour services	4.944%	5.6%
11	Construction of a complex , building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly		
	(i) for a residential unit having carpet area upto 2000 square feet and the amount charged is less than rupees one crore	3.09%	3.5%
	(ii) for other than (i) above	3.708%	4.2%
12	(i) Execution of original works	4.944%	5.6%
	(ii) In cases not covered above including maintenance or repair or reconditioning or restoration or servicing or any goods	8.652%	9.8%
	(iii) Other works including maintenance, repair , completion and finishing services such as glazing , plastering, floor and wall tilling , installation of electrical fittings of an immovable property	8.652%	9.8%
13	Supply of food and drinks in restaurant or outdoor catering		
	(i) Service provided by Restaurants	4.944%	5.6%
	(ii) Services provided by outdoor caterer	7.416%	8.4%
14	Booking of air tickets by air travel agent	0.60% of basic fare	Domestic booking 0.7%
		1.2%. of basic fare	International booking - 1.4%
15	Life insurance service	3% of Premium Charged	First year -3.5%
		1.50% of Premium Charged	Subsequent year – 1.75%
16	Money changing service		
	(i) Gross amount of currency exchanged for an amount upto Rs. 100,000	0.12% of gross amount of currency exchanged (Min.Rs.30) -	0.14% or Minimum Rs. 35/-
	(ii) Gross amount of currency exchanged for an amount of rupees exceeding Rs. 100,000 and up to Rs. 10,00,000	Rs.120 + 0.06% of gross amount exceeding 1 lakh	Rs. 140 and 0.07%

	(iii) Gross amount of currency exchanged for an amount of rupees exceeding Rs. 10,00,000	Rs.660 + 0.012% of gross amount exceeding 10 lakhs (max. Rs.6000)	Rs. 770 and 0.014% or maximum of Rs. 7,000/-
17	Service provided by Lottery distributor and selling agent		
	a) If the lottery or lottery scheme is one where the guaranteed prize payout is more than 80%	Rs. 7,000/- on every Rs. 10 Lakh (or part of Rs. 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw	Rs. 8,200 on every Rs. 10 Lakh or part of Rs. 10 Lakh of aggregate face value of lottery tickets printed by the organizing State for a draw.
	b) If the lottery or lottery scheme is one where the guaranteed prize payout is less than 80%	Rs. 11,000/- on every Rs. 10 Lakh (or part of Rs. 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw	Rs. 12,800 on every Rs. 10 Lakh or part of Rs. 10 Lakh of aggregate face value of lottery tickets printed by the organizing State for a draw

EFFECT OF THE COMPANIES (AMENDMENT) ACT, 2015

Kindly Refer the attached notification – Effective date of Sections under The Companies (Amendment) Act, 2015

SECTION	DESCRIPTION	EFFECTIVE DATE
2(68)	Definition of Private Company	29.05.2015
2(71)	Definition of Public Company	29.05.2015
9	Effect of registration.	29.05.2015
11	Commencement of Business	29.05.2015
12(3)	Registered Office – Common Seal	29.05.2015
22(2)	Execution of Bill of Exchange – Common Seal	29.05.2015
46(1)	Share Certificate – Common Seal	29.05.2015
76A	Deposit	29.05.2015
117(3)	Resolution and agreements to be filed	29.05.2015
123	Dividend	29.05.2015
124	Transfer to IEPF	29.05.2015
134	Financial Statements – Declaration of frauds	29.05.2015
143	Reporting of Frauds by Auditors	Yet to be Notified
177	Audit Committee – Omnibus Approval	Yet to be Notified
185	Loans to Directors	29.05.2015
188	Related Party Transactions	29.05.2015

212	Investigation into affairs of Company by Serious Fraud Investigation Office.	29.05.2015
223	Inspector Report – Common Seal	29.05.2015
248	Power of Registrar to remove name of company from register of companies.	29.05.2015
419	Winding up	29.05.2015
435	Special Courts	29.05.2015
436	Offences triable by Special Courts	29.05.2015
462	Power to exempt class or classes of companies from provisions of this Act	29.05.2015

Highlights of the amendments are as follow:

1. Requirement of minimum paid up capital to be done away with.
2. Common Seal is not mandatory.
3. Section 11 pertaining to Commencement of Business Certificate omitted.
4. Penalty for violation of provision regarding acceptance/invitation of deposits stipulated by inserting section 76A. Minimum penalty is 1 crore maximum is Rs. 10 Crore.
5. Dividend not to be given unless previous years losses/depreciation not provided in previous Year are set off from current year profits
6. Concept of omnibus approval for RPT by audit committee inserted in section 177.
7. Exemption given under rules of section 185 regarding giving loans to WOS and subsidiary to be incorporated in section itself.
8. Only ordinary resolution will be required for related party transaction.
9. No shareholder approval reqd. in case of Related party Transaction between holding and WOS if accounts of subsidiary company are consolidated.