

Ref: GJC/M&R/RNW/2015-16/ 100272

27<sup>th</sup> May, 2015

To,  
All Associate Members

**[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,  
SECTION 3, SUB-SECTION (i)]**

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

**NOTIFICATION**

New Delhi, the 19<sup>th</sup> May, 2015

**No. 14/2015-Service Tax**

**G.S.R. --- (E).-** In exercise of the powers conferred by clauses (a), (c) and (f) of section 107, section 108, sub-sections (2), (3) and (4) of section 109, section 153 and section 159 of the Finance Act, 2015 (No. 20 of 2015), the Central Government hereby appoints the 1st day of June, 2015 as the date on which the provisions of clauses (a), (c) and (f) of section 107, section 108, sub-sections (2), (3) and (4) of section 109, section 153 and section 159 of the said Act shall come into force.

**[F.No. 334/5/2015 - TRU]**

**(Akshay Joshi)**  
**Under Secretary to the Government of India**

## Amendments applicable as per The Union Budget 2015-16.

### 1. Service Tax Rate

- The rate of Service Tax is being increased from 12% plus Education Cesses to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of Service Tax. Thus, the effective increase in Service Tax rate will be from the existing rate of 12.36% (inclusive of cesses) to 14%, subsuming the cesses. **(w.e.f. 1<sup>st</sup> June, 2015)**

In this context, an amendment is being made in section 66B of the Finance Act, 1994. Further, it has been provided vide clauses 179 and 187 respectively of the Finance Bill, 2015 that sections 95 of the Finance Act, 2004 and 140 of the Finance Act, 2007, levying Education Cess and Secondary and Higher Education Cess on taxable services shall cease to have effect from a date to be notified by the Government. **(w.e.f. 1<sup>st</sup> June, 2015)**

Rate of tax that would be applicable in certain situations as per Point of Taxation Rules, 2011 ("POT Rules) would be as under :-

Sr No	Taxable Service Provided	Issue of Invoice	Receipt of Payment	Point of Taxation	Rate Applicable
1	Before	After	After	Earlier of date of payment /issue of invoice	14%
2	Before	Before	After	Date of issue of invoice	12.36%
3	Before	After	Before	Date of payment	12.36%
4	After	Before	After	Date of payment	14%
5	After	Before	Before	Earlier of date of payment/issue of invoice	12.36%
6	After	After	Before	Date of issue of invoice	14%

**NOTE:**

1. The words 'Before' and 'After' in the above table mean before/after the date to be notified **i.e. 01.06.2015**.
2. In case of Serial No.3 and Serial No.5 above, if the payment is not credited in the bank within 4 working days from the date when there is change in effective rate of tax, the new rate of 14% would apply.
3. In Serial No.4 and 6 above, Service Tax would have already been paid at old rate (12.36%) when the invoice was issued or payment received before the change of rate of tax applying the general rule (Rule 3 of POT Rules). Subsequently, the rate would increase. Accordingly, there would be a short payment which the assessee may have to deposit. No interest may apply if the assessee deposits it within the due date reckoned from the point of taxation i.e. date of payment in case of Serial No.4 and date of issue of invoice in case of Serial No.6 above.