

## Reverse Charge

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### NOTIFICATION No. 30/2012

In the erstwhile service tax regime the service tax was payable by either the service provider or service receiver. The whole service tax liability was met by one to the exclusion of other.

Now a peculiar and new system of discharge of service tax liability has been brought in by Notification No. 15/2012. According to this notification in respect of certain specified services the entire service tax liability shall be discharged by service receivers ( this is called reverse charge mechanism) and

in respect of certain other specified services part of the service tax liability shall be discharged by service provider and the other part of the liability shall be discharged by service receivers (this is called joint charge mechanism)

Sl No	Description of service	% of Service tax Payable by the Service provider	% of Service tax Payable by the Service receiver
1	Services provided by an insurance Agent to the person carrying on insurance business	NIL	100%
2.	Services provided by GTA in respect of transportation of goods by road, where the <b>person liable to pay freight</b> is specified person. (See note below for specified persons)  <b><u>SPECIFIED PERSONS FOR GTA SERVICES:</u></b>  <ol style="list-style-type: none"><li>1. Any factory registered under or governed by Factories Act</li><li>2. Any society registered under societies registration Act,</li><li>3. Any Co-operative society</li><li>4. Any dealer of excisable goods, registered under central Excise Act,</li></ol>	NIL	100%

	<p>5. Any body corporate established by or under any law</p> <p>6. Any partnership firm including an association of persons</p>		
3.	Sponsorship services to any body corporate or partnership Firm located in taxable territory	NIL	100%
4	<p>Services provided by Arbitral tribunal to any business entity located in taxable territory</p> <p>Business entity means any person ordinarily carrying out any activity relating to industry, commerce or any other business or profession <b>65B(17)</b></p>	NIL	100%
5	<b><i>Services provided by an Individual Advocate or a firm of advocates by way of legal services to any business entity located in taxable territory</i></b>	NIL	100%
6	<b><i>Services provided by a director of a company to the company</i></b>	NIL	100%
7	<b><i>Support service provided by Govt or Local authority to any business entity located in taxable territory excluding</i></b> <b><i>(1) renting of immovable property, and</i></b> <b><i>(2) services specified in sub clauses (i) , (ii) and (iii) of clause (a) of section 66D of the Finance Act,1994.</i></b>	NIL	100%
8	<p><b><i>Renting or hiring any Motor vehicle designed to carry passengers by</i></b></p> <ul style="list-style-type: none"> <li><b><i>• individual,</i></b></li> <li><b><i>• Hindu Undivided Family</i></b></li> <li><b><i>• partnership firm, including association of persons</i></b></li> </ul> <p><b><i>located in the taxable territory</i></b></p> <p><b><i>to any person who is not in the</i></b></p>		

	<p><b>similar line of business.</b></p> <p><b>to a business entity registered as body corporate located in the taxable territory</b></p> <p><b>On abated value</b> <b>On Non abated value</b></p>	<p>NIL 60%</p>	<p>100% 40%</p>
9	<p><b>Supply of Manpower for any purposes or security services by</b></p> <ul style="list-style-type: none"> <li>• <b>individual,</b></li> <li>• <b>Hindu Undivided Family</b></li> <li>• <b>partnership firm, including association of persons</b></li> </ul> <p><b>located in the taxable territory</b></p> <p><b>to a business entity registered as body corporate located in the taxable territory</b></p> <p><b>Supply of manpower means supply of manpower, temporarily or otherwise, to another person to work under his superindendence or control(Rule 2(1)(g)of Service Tax Rules</b></p> <p><b>Security services means services relating to security of any property, whether movable or immovable or of any person in any manner and includes services of investigation, detection or verification of any fact or activity(Rulen2(1)(fa) of Service Tax Rules.</b></p>	<p>25%</p>	<p>75%</p>
10	<p><b>Service portion in Works contract provided by</b></p> <ul style="list-style-type: none"> <li>• <b>individual,</b></li> <li>• <b>Hindu Undivided Family</b></li> <li>• <b>partnership firm, including association of persons</b></li> </ul> <p><b>located in the taxable territory</b></p> <p><b>to a business entity registered as body corporate located in the taxable</b></p>	<p>50%</p>	<p>50%</p>

	<p><b><i>territory</i></b></p> <p><i>where both service provider and service recipient is the persons liable to pay tax, the service recipient has the option of choosing the valuation method as per choice, independent of valuation method adopted by the provider of service.</i></p>		
11	Import of service from Non taxable territory	NIL	100%