

## **ANALYSIS OF REVERSE CHARGE MECHANISM IN RESPECT OF MANPOWER SUPPLY SERVICES OR SECURITY SERVICES DATED 31.05.2015**

(Before proceeding further please read the disclaimer at the bottom of this write up)

As we all know that after introduction of negative list approach, in respect of above services, service tax is payable by both the service provider as well as services receiver. However it is not applicable in all cases.

Now along with Finance Act 2015 some changes has been made in respect RCM on manpower supply services or security services.

In this article we are trying to show position of service receiver and service provider after amendment in NN 30/2012 dated 20<sup>th</sup> June, 2012 by NN 07/2015 dated 01/03/2015 w.e.f. 01/04/2015.

As per sub clause (v) of clause (I) of NN-30/2012 ST dated 20.06.2012 read with s.no. 8 of Table of NN-30/2012 ST dated 20.06.2012, we can conclude as under:

### **Service tax liability of Service Provider and Service Receiver up to 31/03/2015**

#### **TABLE SHOWING EXTENT OF SERVICE TAX PAYABLE BY SERVICE PROVIDER AND SERVICE RECIVER:**

S. NO.	SERVICE PROVIDER	SERVIVE RECEIVER	EXTENT OF SERVICE TAX PAYABLE BY	
			SERVICE PROVIDER	SERVICE RECEIVER
1	Any individual, HUF or partnership firm	DO	100%	NIL

	or association of persons			
2	Any individual, HUF or partnership firm or association of persons	Body Corporate	25%	75%
3	Body Corporate	Any individual, HUF or partnership firm or association of persons	100%	NIL
4	Body Corporate	Body Corporate	100%	NIL

Thus it is clear from above table that only in one case 75% service tax is payable by service receiver and not in all cases i.e. when service provider is any individual etc and service receiver is body corporate.

**Service tax liability of Service Provider and Service Receiver WEF 01/04/2015**

S. NO.	SERVICE PROVIDER	SERVICE RECEIVER	EXTENT OF SERVICE TAX PAYABLE BY	
			SERVICE PROVIDER	SERVICE RECEIVER
1	Any individual, HUF or partnership firm or association of persons	DO	100%	NIL
2	Any individual, HUF or partnership firm or association of persons	Body Corporate	0%	100%
3	Body Corporate	Any individual, HUF or partnership firm or association of persons	100%	NIL

4	Body Corporate	Body Corporate	100%	NIL
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Thus it is clear from above table that only in one case 100% service tax is payable by service receiver and not in all cases i.e. when service provider is any individual etc and service receiver is body corporate.

### **RELEVANT DEFINITIONS**

1. **"supply of manpower"** means supply of manpower, temporarily or otherwise, to another person to work under his superintendence or control.'
2. **"security services"** means services relating to the security of any property, whether movable or immovable, or of any person, in any manner and includes the services of investigation, detection or verification, of any fact or activity;"

I hope above article is useful for you. Your valuable feedback in respect of same would be highly appreciated.

(Disclaimer: The above analysis has been drafted as per various provisions of Finance Act 1994, and notifications and circulars issued thereunder. The analysis may not be entirely correct for reader to reader due to different interpretations by different readers. The readers are advised to take into the consideration the prevailing legal position before acting on author's view in caption article. We shall not be responsible for any loss caused based on this interpretation.)

**With Warm Regards,**

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