

SERVICE TAX RULES, 1994

INDEX OF SERVICE TAX RULES – Updated

	<u>Page No.</u>
1. Rule 4	3-6
2. Rule 5	7-8
3. Rule 6	9-13
4. Rule 7	14-15

RULE 4: REGISTRATION**Three categories of person liable to get themselves registered under service tax namely:-**

- ❖ Service Provider of taxable services under section 69(1)
- ❖ Person responsible for making payment of service tax as specified in Rule 2 (1) (d) read with section 68. They shall also seek registration under section 69(1) of Chapter V of Finance Act, 1994
- ❖ Input Service Distributor & Service Provider whose receipt from taxable services exceeds Rs.9 Lacs in a financial year. They shall seek registration under section 69(2) of chapter V of Finance Act, 1994.

4(1): Every person liable for paying service tax is required to make application for Registration in

- ❖ Form ST – 1
- ❖ Within 30 days

<u>Situation</u>	<u>Time limit for Registration</u>
When ST is imposed on a new service , & the service provider already has been providing that service	Within 30 days from the date of levy of service tax
In case a service provider commences the business of providing the service which has already been made taxable.	Within 30 days from the date of commencement of business.
In case a service provider is already providing a taxable services & - starts providing another taxable service, or - provides a service which has now become taxable.	No need for fresh registration, Amendment for the same in registration certificate i.e, ST-2 should be applied within 30 days.

4(1A) For the purposes of sub-rule (1), the Central Board of Excise and Customs may, by an order specify the documents which are to be submitted by the assessee along with the application within such period, as may be specified in the said order.**4(2) Where a person, liable for paying service tax on a taxable service,**

- ❖ provides such service from more than one premises or offices; or
- ❖ receives such service in more than one premises or offices; or
- ❖ is having more than one premises or offices, which are engaged in relation to such service in any other manner, making such person liable for paying service tax,

and has centralised billing system or centralised accounting system in respect of such service, and such centralised billing or centralised accounting systems are located in one or more premises, he may, at his option, register such premises or offices from where centralised billing or centralised accounting systems are located.

✚ **4(3) :** Registration Granting Authority in case of Centralized Registration – Commissioner of Central Excise in whose jurisdiction the premises or offices, from where centralized billing or accounting is done, are located

✚ **4(3A) :** Where an assessee is providing a taxable service from more than one premises or offices, and does not have any centralized billing systems or centralized accounting systems, as the case may be, he shall make separate applications for registration in respect of each of such premises or offices to the jurisdictional Superintendent of Central Excise.

✚ **4(4) :** In case of providing Multiple Taxable Service, Single Application for registration to the concerned Superintendent of Central Excise.

✚ **4(5) :** Granting a Certificate of Registration in

- ❖ Form ST -2
- ❖ within 7 days of application

If the registration certificate is not granted within the said period, the registration applied for shall be deemed to have been granted.

✚ **Rule 4(5A):** Where there is a change in any information or details furnished by an assessee in Form ST-1 at the time of obtaining registration or he intends to furnish any additional information or detail, such change or information or details shall be intimated, in writing, by the assessee, to the jurisdictional Assistant Commissioner or Deputy Commissioner of Central Excise, as the case may be, within a period of thirty days of such change

✚ **Rule 4(6) :** Obtain Fresh certificate of registration- If assessee transferred its business to other person.

✚ **Rule 4(7) :** Assessee ceases to provide taxable services – Surrender of Registration Certificate immediately to the superintendent of central excise.

- ✚ **4(8)** : On receipt of the certificate under sub-rule (7), the Superintendent of Central Excise shall ensure that the assessee has paid all monies due to the Central Government under the provisions of the Act, and the rules and the notifications issued there under, and thereupon cancel the registration certificate.

RULE 4A : Taxable service to be provided or credit to be distributed on invoice, bill or challan

- ✚ **4A(1)** Every person providing taxable service not later than 30 days from the date of completion of such taxable service or receipt of any payments towards the value of such service taxable, whichever is earlier shall issue an invoice, a bill or, as the case may be, a challan signed by such person or a person authorized by him in respect of such taxable service provided or to be provided & such invoice, bill or case may be challan shall be serially numbered & shall contain the following, namely:-

- ❖ the name, address and the registration number of such person;
- ❖ the name and address of the person receiving taxable service;
- ❖ *description and value of taxable service provided or agreed to be provided; and*
- ❖ the service tax payable thereon .

Provided that in case the provider of taxable service is a banking company or a financial institution including a non-banking financial company providing service to any person, an invoice, a bill or, as the case may be, challan shall include any document, by whatever name called, whether or not serially numbered, and whether or not containing address of the person receiving taxable service but containing other information in such documents as required under this sub-rule.

Provided also that wherever the provider of taxable service receives an amount upto rupees one thousand in excess of the amount indicated in the invoice and the provider of taxable service has opted to determine the point of taxation based on the option as given in Point of Taxation Rules, 2011, no invoice is required to be issued to such extent.

- ✚ **4A(2)**:Invoices raised for Input service distributor, No format for bill/challan/invoice.

Should contain the following details:-

- ❖ Name, address and registration no. of the service provider;

- ❖ S. No. & Date;
- ❖ Name & address of the ISD;
- ❖ Name and address of the; recipient, to whom the service tax credit is distributed; and
- ❖ The amount of credit being distributed.

RULE 4B: Issue of consignment Note

Any goods transport agency which provides service in relation to transport of goods by road in a goods carriage shall issue a consignment note to the recipient of service .

- ❖ *Explanation.—For the purposes of this rule "consignment note" means a document, issued by a goods transport agency against the receipt of goods for the purpose of transport of goods by road in a goods carriage, which is serially numbered, and contains the name of the consignor and consignee, registration number of the goods carriage in which the goods are transported, details of the goods transported, details of the place of origin and destination, person liable for paying service tax whether consignor, consignee or the goods transport agency.*

Rule 5: Records

- ✚ **5.1** The records including computerized data, as maintained by an assessee in accordance with the various laws in force from time to time shall be acceptable.
- ✚ **5.2** Every assessee shall furnish to the Superintendent of Central Excise at the time of filing of return for the first time or the 31st day of January, 2008, whichever is later, a list in duplicate, of-
- ❖ **all the records prepared or maintained by the assessee for accounting of transactions in regard to,-**
 - providing of any service, whether taxable or exempted;
 - receipt or procurement of input services and payment for such input services;
 - receipt, purchase, manufacture, storage, sale, or delivery, as the case may be, in regard of inputs and capital goods;
 - other activities, such as manufacture and sale of goods, if any.
 - ❖ **all other financial records maintained by him in the normal course of business.**
- ✚ All such records shall be preserved at least for a period of five years immediately after the financial year to which such records pertain.

Rule 5: Access to a registered premises

- ✚ An officer authorised by the Commissioner in this behalf shall have access to any premises registered under these rules for the purpose of carrying out any scrutiny, verification and checks as may be necessary to safeguard the interest of revenue .
- ✚ Every assessee shall, on demand, make available to the officer authorised under sub-rule (1) or the audit party deputed by the Commissioner or the Comptroller and Auditor General of

India, within a reasonable time not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by such officer or the audit party, as the case may be,—

- ❖ the records as mentioned in sub-rule (2) of rule 5;
- ❖ trial balance or its equivalent; and
- ❖ the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961), for the scrutiny of the officer or audit party, as the case may be.

Rule 6: Payment of Service tax

1. Payment of Service Tax : Paid to the credit of Central Government

Category of assessee	Period of payment	Period	Due Date
Individuals, proprietary firms or partnership firms.	Quarterly	April to June July to September October to December	5 th (6 th in case of e-payment) of the month immediately following the said quarter.
		January to March	31 st March
Others	Monthly	All months except March	5 th (6 th in case of e-payment) of the month immediately following the calendar month.
		March	31 st March

E-Payment mandatory :

If service tax paid (including payment through CENVAT Credit) is **10 lakhs or more** in the preceding financial year.

Provided that in case of individuals and partnership firms whose aggregate value of taxable services provided from one or more premises is fifty lakh rupees or less in the previous financial year, the service provider shall have the option to pay tax on taxable services provided or-[agreed] to be provided by him up to a total of rupees fifty lakhs in the current financial year, by the dates specified in this sub-rule with respect to the month or quarter, as the case may be, in which payment is received.

- 1A** Without prejudice to the provisions contained in Sub-rule (1), every person liable to pay service tax may on his own volition, pay an amount as service tax in advance, to the credit of the Central Govt. and adjust the amount so paid against the service tax which he is liable to pay for the subsequent period.

Provided that the assessee shall:

- ❖ intimate the details of the amount of service tax paid in advance to the Superintendent of Central Excise within 15 days from the date of such payment; and
- ❖ Indicate the details of the advance payment made, and its adjustment in the subsequent return.

✚ **2** The assessee shall deposit the service tax liable to be paid by him with the bank designated by the CBEC in Form TR-6 (now in form GAR-7) or in any other manner as prescribed by CBEC.

- ❖ **Provided** that where an assessee has paid a total service tax of Rs. 10 lakhs or more including the amount paid by utilisation of Cenvat Credit, in the preceding financial year, he shall deposit the service tax liable to be paid by him electronically, through internet banking.

✚ **2A.** For the purpose of this rule, if the assessee deposits the service tax by cheque, the date of presentation of cheque to the bank shall be deemed to be the date on which service tax has been paid subject to the realization of that cheque.

✚ **3** Where an assessee has issued an invoice, or received any payment, against a service to be provided which is not so provided by him either wholly or partially for any reason or where the amount of invoice is renegotiated due to deficient provision of service or any terms contained in a contract, the assessee may take the credit of such excess service tax paid by him, if the assessee:-

- ❖ Has refunded the payment or part thereof, so received for the service provided to the person from whom it was received; or
- ❖ Has issued a credit note for the value of the service not so provided to the person to whom such invoice had been issued.

✚ **4** Where an assessee is, for any reason, unable to correctly estimate, on the date of deposit, the actual amount payable for any particular month or quarter, he may make a request in writing to the Assistant Commissioner or the Deputy Commissioner of Central Excise, giving reasons for payment of service tax on provisional basis. The Assistant Commissioner or the Deputy Commissioner of Central Excise, on receipt of such request, may allow payment of service tax on provisional basis on such value of taxable service as specified by him.

✚ **4A** Notwithstanding anything contained in sub-rule (4), where an assessee has paid to the credit of Central Govt. any amount in excess of the amount required to be paid towards service tax liability for a month or quarter, the assessee may adjust such excess amount paid

by him against the service tax liability for the succeeding month or quarter, as the case may be.

- ✚ **4B.** The adjustment of excess amount paid, under sub-rule (4A), shall be subject to the condition that the excess amount paid is on account of reasons not involving interpretation of law, taxability, valuation or applicability of any exemption notification.
- ✚ **4C.** Notwithstanding anything contained in sub-rules (4), (4A) and (4B), where the person liable to pay service tax in respect of service renting of immovable property, has paid to the credit of Central Government any amount in excess of the amount required to be paid towards service tax liability for a month or quarter, as the case may be, on account of non-availment of deduction of property tax from the gross amount charged for renting of the immovable property for the said period at the time of payment of service tax, the assessee may adjust such excess amount paid by him against his service tax liability within one year from the date of payment of such property tax. The details of such adjustment shall be intimated to the Superintendent of Central Excise having jurisdiction over the service provider within a period of fifteen days from the date of such adjustment.
- ✚ **5.** Where an assessee under sub-rule (4) requests for a provisional assessment he shall file a statement giving details of the difference between the service tax deposited and the service tax liable to be paid for each month in a memorandum in Form ST-3A accompanying the monthly or quarterly return, as the case may be.
- ✚ **6.** Where the assessee submits a memorandum in Form ST-3A under sub-rule (5), it shall be lawful of the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be to complete the assessment, wherever he deems it necessary, after calling such further documents or records as he may consider necessary and proper in the circumstances of the case.
- ✚ **6A.** Where an amount of service tax payable has been self-assessed under sub-section (1) of section 70 of the Act, but not paid, either in full or part, the same, shall be recoverable along with interest in the manner prescribed under section 87 of the Act.
- ✚ **7.** The person liable for paying the service tax in relation to of booking of tickets for travel by air provided by an air travel agent, shall have the option, to pay an amount calculated at the rate of 0.6% of the basic fare in the case of domestic bookings, and at the rate of 1.2% of the basic fare in the case of international bookings, of passage for travel by air, during any calendar month or quarter, as the case may be, towards the discharge of his service tax liability instead of paying service tax at the rate of specified in Section 66B of Chapter V of the Act and the option, once exercised, shall apply uniformly in respect of all the bookings of

passage for travel by air made by him and shall not be changed during a financial year under any circumstances.


Explanation - For the purposes of this sub-rule, the expression "basic fare" means that part of

 **7A.** An insurer carrying on life insurance business shall have the option to pay tax:

- ❖ on the gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of policy holder, if such amount is intimated to the policy holder at the time of providing of service;
- ❖ [(ii) in all other cases, 3 per cent of the premium charged from policy holder in the first year and 1.5 per cent of the premium charged from policy holder in the subsequent years;]


towards the discharge of his service tax liability instead of paying service tax at the rate specified in section [66B] of Chapter V of the said Act:

Provided that such option shall not be available in cases where the entire premium paid by the policy holder is only towards risk cover in life insurance.

 **7B.** The person liable to pay service tax in relation to purchase or sale of foreign currency, including money changing, shall have the option to pay an amount calculated at the following rate towards discharge of his service tax liability instead of paying service tax at the rate specified in section 66B of Chapter V of the Act, namely:

- ❖ 0.12 per cent. of the gross amount of currency exchanged for an amount up to rupees 100,000, subject to the minimum amount of rupees 30 and;
- ❖ rupees 120 and 0.06 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding rupees 100,000 and up to rupees 10,00,000; and
- ❖ rupees 660 and 0.012 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding 10,00,000, subject to maximum amount of rupees 6000:

Provided that the person providing the service shall exercise such option for a financial year and such option shall not be withdrawn during the remaining part of that financial year.

 **7C.** The distributor or selling agent, liable to pay service tax for the taxable service of promotion, marketing, organizing or in any other manner assisting in organizing lottery, shall have the option to pay an amount at the rate specified in column (2) of the Table given below, subject to the conditions specified in the corresponding entry in column (3) of the said

Table, instead of paying service tax at the rates specified in section 66B of Chapter V of the said Act :

Sr.No. [1]	Rate [2]	Condition [3]
1.	Rs. 7000 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	If the lottery or lottery scheme is one where the guaranteed prize payout is more than 80%
2.	Rs. 11000 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	If the lottery or lottery scheme is one where the guaranteed prize payout is more than 80%

Rule 6A: Export of services

1. The provision of any service provided or agreed to be provided shall be treated as export of service when, -
 - ❖ The provider of service is located in the taxable territory,
 - ❖ The recipient of the service is located outside India,
 - ❖ The service is not a service specified in the section 66D of the Act,
 - ❖ The place of provision of the service is outside India,
 - ❖ The payment for such services has been received by the provider of service in convertible foreign exchange, and
 - ❖ The provider of service and recipient of service are not merely establishments of a distinct person
2. Where any service is exported, the Central Government may, by notification, grant rebate of service tax or duty paid on input services or inputs, as the case may be, used in providing such service and the rebate shall be allowed subject to such safeguards, conditions and limitations, as may be specified, by the Central Government, by notification.

Rule 7: RETURNS

- ✚ 1. Every assessee shall submit a half yearly return in Form 'ST-3' or 'ST-3A', as the case may be, along with a copy of the Form TR-6, in triplicate for the months covered in the half-yearly return.
- ✚ 2. Every assessee shall submit the half yearly return by the 25th of the month following the particular half-year.
- ✚ 3. Every assessee shall submit the half-yearly return electronically
- ✚ 4. The Central Board of Excise and Customs may, by an order extend the period referred to in sub-rule (2) by such period as deemed necessary under circumstances of special nature to be specified in such order.

Rule 7A: Returns in case of taxable service provided by goods transport operators and clearing and forwarding agents .

Notwithstanding anything contained in rule 7, an assessee, in case of service provided by –

- ❖ goods transport operator for the period commencing on and from the 16th day of November, 1997 to 2nd day of June, 1998; and
- ❖ clearing and forwarding agents for the period commencing on and from the 16th day of July, 1997 to 16th day of October, 1998,

shall furnish a return within a period of six months from the 13th day of May, 2003, in Form 'ST-3B' along with copy of Form TR-6 in triplicate, failing which the interest and penal consequences as provided in the Act shall follow.

Rule 7B: Revision of return

- ✚ An assessee may submit a revised return, in Form ST-3, in triplicate, to correct a mistake or omission, within a period of ninety days from the date of submission of the return under rule 7.

Explanation.- Where an assessee submits a revised return, the 'relevant date' for the purpose of recovery of service tax, if any, under section 73 of the Act shall be the date of submission of such revised return.

Rule 7C: Amount to be paid for delay in furnishing the prescribed return

Where the return prescribed under rule 7 is furnished after the date prescribed for submission of such return, the person liable to furnish the said return shall pay to the credit of the Central Government, for the period of delay of-

<u>Period of delay from the due date</u>	<u>Penalty to be paid</u>
Upto 15 days	Rs. 500
16 to 30 days	Rs. 1000
After 30 days	Rs. 1000 + 100 per day in excess of 30 days up to maximum of Rs. 20000.

Provided further that where the assessee has paid the amount as prescribed under this rule for delayed submission of return, the proceedings, if any, in respect of such delayed submission of return shall be deemed to be concluded.

Provided also that where the gross amount of service tax payable is nil, the Central Excise officer may, on being satisfied that there is sufficient reason for not filing the return, reduce or waive the penalty.