

**SERVICE TAX CHANGES AFTER ENACTMENT OF  
FINANCE ACT, 2015 – W.E.F JUNE 01, 2015**

On May 19, the Finance Ministry notified the increased service tax rate of 14 per cent effective from June 1, 2015 onwards. In the Budget 2015-16, the Government had hiked the service tax to 14 per cent from the current 12.36 per cent. Finance Minister Arun Jaitley had remarked that the hike was “to facilitate a smooth transition to levy of tax on services by both the Centre and the states.”

This clarification brings a much needed end to all the speculation with regards to the levy of the Service Tax. The change in rate had caused quite a commotion as service providers had started charging 14% service tax from recipients.

With the notification, Finance Ministry also announced that Educational Cess & Secondary Higher Cess would no longer be levied. Various other amendments have been announced, which have been summarized below:

- June 1, 2015 appointed as the date on which rate of Service Tax is being increased from 12% to 14% (including cesses)
- From June 1, 2015, provisions w.r.t. Education Cess & Secondary and Higher Secondary Education Cess would cease to exist.

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- However, Swachh Bharat Cess at 2% or lower on value of taxable services, and exemption to all services provided by Govt / local authority to business entity has not been notified yet.
- Clarifies that service provided in relation to amusement facility and other recreational facilities by means of rides / gaming devices / bowling alleys in addition to service provided by way of admission to entertainment events would be taxable from June 1, 2014
- Service tax is also leviable on contract manufacturing or job work for production of potable liquor for a consideration
- Service provided by air travel agent, insurance service and service provided by lottery distributor and selling agent, shall be paid at an alternative rate, which are revised proportionately consequent to the upward revision in Service Tax rate.
- Services provided by Government or a local authority shall also be exigible to service tax. The date is yet to be notified.
- Services provided by distributor or selling agents of lottery, as appointed or authorized by the organizing state for promoting, marketing, distributing, selling, or assisting the state in any other way for organizing and conducting a lottery are also to be taxed
- Amendments have also been made to the provisions relating to closure of proceedings in sections 76, 78 and 78B for imparting greater clarity and aligning the service tax provisions with those in Central Excise.

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