

"CORPORATE ADVISORY ALERT"

Changes in Indian Service Tax with effect from 1 June 2015

The Indian Government has announced changes in Service Tax which would be effective from 1 June 2015 and those that would be effective later.

Key service tax provisions that will be effective from 1 June 2015 are as follows:

- Service tax rate increased to **14% from 12.36%**. Primary education cess and secondary and higher secondary cess would cease to exist.
- Services provided by way of admission to entertainment events or access to amusement facilities would be taxable, except services provided by admission to specified entertainment events which would be exempted.
- Services by way of admission to entertainment events such as concerts, pageants, musical performance concerts, award functions and sporting events other than recognised sporting events would be taxable, if the amount charged is more than INR 500 for rights to admission to such an event.
- Services by way of carrying out contract manufacturing/job work for production or manufacture of alcoholic liquor for human consumption would be taxable.
- As a result of the upward revision in the service tax rate, the alternate rates for payment of tax on money-changing services, services provided by air travel agents, insurance services and services provided by lottery distributors and selling agents are revised proportionately.
- Rate of service tax payment/reversal increased to 7% from 6% on the value of exempted services, in cases where the manufacturer of dutiable goods/service provider of taxable services is providing exempt services.

For any query or clarification please feel free to contact octagona@octagona.com

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