



Damania & Varaiya
Chartered Accountants

ALERT

Service Tax

The Govt. of India has amended abatement available to tour operators vide vide **Notification No. 04/2017-ST dated 12.01.2017 w.e.f. 22.01.2017**

Tour operator now avail the abatement @ 40% (instead of 90% or 70%) of gross amount charged and pay service tax @ 60% of the gross amount charged for any tour operator service. However they can now avail CENVAT Credit of input services which was earlier not allowed to them.

Comparative analysis of Change in abatement in Tour Operator service

Sr. No.	Tour Services	Before 22.01.2017	W.e.f. 22.01.2017	Impact
I)	A tour, only for the purpose of arranging or booking accommodation for any	Taxable Value 10% (CENVAT Credit of only tour operator service allowed)	Taxable Value 60% (CENVAT Credit of all Input services allowed)	Taxable Value increased but CENVAT of all input services allowed
II)	tours other than (i) above	Taxable Value 30% (CENVAT Credit of only tour operator service allowed)	Taxable Value 60% (CENVAT Credit of all Input services allowed)	Taxable Value increased but CENVAT of all input services allowed

We have attached herewith Circular issued by CBEC on above subject for better understanding.

In case you require further clarification on above, please call us.

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