



ALERT

INCREASE IN SERVICE TAX

The Central Government have, vide notification no. 14/2015 dated 19th May 2015, increased servicetax rate from 12.36% (consisting of Service tax 12%, Education Cess 2% of Service tax, Secondary & Higher education (SHE) cess 1% of service tax) **TO** 14% (Service tax only; No Education Cess or SHE Cess) **with effect from 1st June 2015.**

As per point of taxation rules prescribed under service tax act, rate of service tax will be applicable as under.

Rate of Service Tax	Conditions for applying Rate
12.36%	Out of following three events, two events have occurred on or before 31st May 2015 1) Completion of provision of service. 2) Raising of invoice 3) Receipt of Payment
14%	Out of following three events, two events have been occurred on or after 1st June 2015 1) Completion of provision of service. 2) Raising of invoice 3) Receipt of Payment

As per current CENVAT Rules, credit balance in Education Cess and SHE Cess cannot be utilised against liability of service tax (new or old). So you are advised not to utilise balance in Education Cess and SHE Cess against your service tax liability on or after 1st June 2015 till the government come out with proper clarification.

Damania & Varaiya

14/2, Mahalaxmi Industrial Estate,
 Dainik Shivner Marg,
 Lower Parel, Mumbai – 400013.
 Tel No. : +91-22-6149 1000
 Branch-Pune

