

What's New

News Flash



February 2016

CBEC notifies effective date for increase in the gamut of services provided by the Government that are subject to service tax

Effect of the amendment

The Central Board of Excise and Customs ('CBEC') has issued notification no. 6/2016-Service Tax dated 18 February, 2016, declaring 1 April, 2016 as the effective date on which the amended section 109 (1) of the Finance Act, 2015 will come into effect. As a result, with effect from 1 April, 2016, any services provided by the Government to business entities would be subject to service tax.

Further, as per the existing provisions in the reverse charge mechanism (along with such changes that are likely to be made to align the language with the amended section 109), business entities receiving such services from the Government would be liable to pay service tax under reverse charge (except specified services).

PwC Comments

With this amendment, all payments made by a business entity for services received from Government would potentially be subject to service tax. Businesses would need to analyse all payments made to the Government for applicability of service tax, and duly discharge service tax wherever applicable.

If your interest lies in a specific area or subject, do advise us so we can send you only the relevant alerts. For any additional information, please reach out to your PwC relationship manager or write in to ***pwctrs.knowledgemanagement@in.pwc.com***

With Best Regards
PwC TRS Team

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