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News Alert
9 August, 2012



Service Tax on reverse charge basis extended to two new services

The Central Board of Excise & Customs (CBEC) has come out with Service Tax Notification No. 45/2012 and 46/2012 both dated 7 August, 2012 to extend the reverse charge provisions to services rendered by the directors to the company and to security services rendered by specified persons to a body corporate.

Reverse charge is the mechanism where the service receiver instead of service provider has been made liable to pay service tax. Earlier, the CBEC introduced the modified scheme of reverse charge through Service Tax Notification No. 30/2012 dated 20 June, 2012 which notified ten such taxable services and the extent to

which the service tax liability to be borne by service receiver and service provider respectively.

Effective from 7 August, 2012 companies would be liable to pay service tax to the extent of 100% of service tax payable in respect of services rendered by its director and 75% of services tax payable in respect of security services procured by it from individual/HUF/partnership firms.

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