

India

April 2011

Corporate Update – Special Issue April 2011*

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TAX**Service-Tax**

This is in continuation to our Corporate Update dated 26th March, 2011, wherein we have mentioned under para 1 of "service tax update" that in terms of the assurance of the Finance Minister in the Lok Sabha, certain amendments to the Point of Taxation Rules, 2011 would be issued. Pursuant to the above assurance, the Government has come up with detailed Notification no.25/2011 dated 31st March, 2011 amending the Point of Taxation Rules, 2011. The salient features of the amendments as made by the above notification are as under:

- a) **Service tax on services relating to Scientific or Technical Consultancy, Chartered Accountant services, Company Secretary services, Cost Accountant Services, Legal Consultancy services, Architect services and Interior Decorator services shall be payable with reference to the date on which payment in connection with above services is received or made, as the case may be, as hitherto before. It may be noted that the amended provision has granted relief to these specified service providers from the deeming provisions as contained in the original Rules, as earlier notified.**
- b) In the case of services exported by service provider on which benefit of export is not available, the point of taxation shall be the date on which payment is received. It has, however, been provided that where the payment is not received within the period specified by RBI, if any, the point of taxation shall be determined as per other provisions of these Rules.
- c) In the case of associated enterprises, where the service provider is located outside India, point of taxation shall be the date of credit in the books of service recipient or date of payment by the service recipient, whichever is earlier.
- d) It has been provided that where the services are completed/invoices are issued up to **30th June, 2011**, the point of taxation shall, **at the option of the tax payer**, be the date on which payment is received/made as the case may be, instead of the generally applicable cut off date of 1st April, 2011.
- e) Rules 3, 4 and 6 have been reworded to make them free from ambiguity.

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It may be noted that as expected earlier, the Rules have NOT been given effect to from 1st July, 2011; but, instead, certain amendments, as above, have been notified.

Copy of the Notification is attached.



Notification.pdf

Important Dates To Remember

Last Date

Filing of 'half yearly' Service Tax Return
(October, 2010 - March, 2011)

25th April, 2011

Deposit of TDS under Income-Tax Act,
for the month of March, 2011

30th April, 2011

Payment of Service Tax by Companies for April, 2011
-if e-payment

5th May, 2011
6th May, 2011

Payment of TDS/TCS for April, 2011

7th May, 2011

Author

World Tax Service India Private Limited

1A-1D, Vandhna
11, Tolstoy Marg
New Delhi - 110 001.
India

www.worldtaxservice.in

Contact Person**Mr. C.S. Mathur**

Telephone: +91 11 47 10 22 00
Email: csm@mpco.in

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