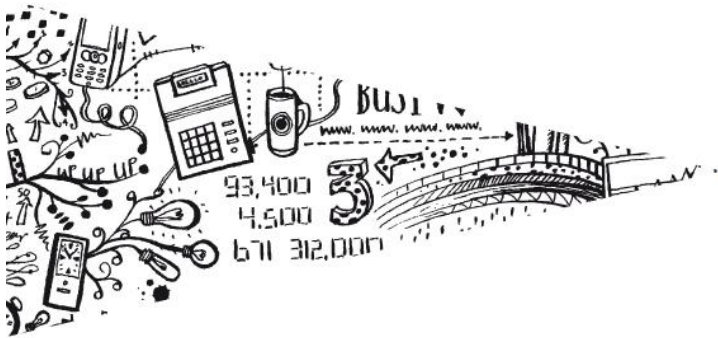


21 October 2011

# EY Tax Alert

Amendment to the Service Tax Rules, 1994



## Executive summary

This Tax Alert summarizes the recent amendment made to the Service Tax Rules, 1994 ('Rules').

The Rules have been amended to grant certain powers to the Central Board of Excise & Customs ('CBEC') in the matters of service tax registration and due date for filing of service tax returns.

The CBEC has been granted the power to issue orders to specify the documents which are required to be submitted at the time of registration under service tax law and extend the time period within which the half-yearly return of service tax is to be filed.

In exercise of the aforementioned powers granted, the CBEC has issued an order extending the date for submission of half-yearly return for the period April 2011 to September 2011 by two months from 25 October 2011 to 26 December 2011.

## Background and facts

- ▶ Under Rule 4 of the Rules, every person liable for paying service tax has to make an application in the prescribed form ST-1 to the Superintendent of Central Excise. However, no documents have been prescribed in law which are to accompany the application.
- ▶ Under Rule 7 of the Rules, every assessee is to submit a half-yearly return of service tax in the prescribed form ST-3 / ST-3A, as the case may be. The half yearly return is to be submitted by the 25<sup>th</sup> of the month following the particular half

year. However, no provisions have been made for extension of such date.

- ▶ The Rules have been amended vide notification 48/2011 - Service Tax dated 19 October 2011 ('Notification') issued by the Ministry of Finance. The Notification has granted certain powers to the CBEC in the matters of service tax registration and due date for filing of service tax returns, which are governed by Rule 4 and Rule 7 of the Rules, respectively.
- ▶ Rule 4(1A) has been inserted in the Rules vide the Notification, which empowers the CBEC to issue an order specifying the documents which are to be submitted by the assessee along with the application for registration.
- ▶ Rule 7(4) has been inserted in the Rules vide the Notification, which empowers the CBEC to issue an order extending the period within which the half-yearly return of service tax is to be submitted.
- ▶ In exercise of the aforementioned powers, the CBEC has issued Order 1/2011 - Service Tax dated 20 October 2011 ('Order') extending the due date for submission of half-yearly return of service tax for the period April 2011 to September 2011 by two months from 25 October 2011 to 26 December 2011.
- ▶ The aforesaid Order has been issued to provide time to adjust to the requirement of e-filing of returns of service tax, which has been made mandatory for all assesses.

Further, in order to align practices with the Point of Taxation Rules, 2011, an instruction has been added to return of service tax in Form ST-3 wherein the words 'received / paid' shall be construed as 'received or receivable / paid or payable'.

## Comments

The CBEC has now been empowered to issue orders to specify documents which are required to be submitted at the time of registration under service tax law and extend the time period within which the half-yearly return of service tax is to be filed.

Further to such power, the half-yearly return of service tax for the half-year April 2011 to September 2011 can be filed by 26 December 2011 instead of the earlier prescribed date of 25 October 2011.

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