

**F. No. 334/5/2015-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)**

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**D.O.F. No. 334/5/2015-TRU
New Delhi, dated February 28th, 2015**

Dear Madam/Sir,

Subject: Union Budget 2015 - Changes in Service Tax - reg.

The Finance Minister has, while presenting the Union Budget 2015-16, introduced the Finance Bill in the Lok Sabha on the 28th of February, 2015. Clauses 105 to 116 of the Bill cover the amendments made to Chapter V of the Finance Act, 1994. Chapter VI of the Bill (clause 117) contains the enabling provisions relating to levy Swachh Bharat Cess, which empowers the government to impose Cess on all or any of the taxable services at the rate of 2% of the value of taxable services. Changes are also proposed in,-

- the Service Tax Rules, 1994 (STR);
- the CENVAT Credit Rules, 2004(Cenvat Rules);

Other changes are being given effect to by inserting new entries, and amending/omitting existing entries in notification Nos. 25/2012-ST, 26/2012-ST, 30/2012-ST and 31/2012-ST. Further, notification No. 42/2012-ST is being rescinded.

2. It may be noted that changes being made in the Budget are coming into effect on various dates, as indicated in the following paragraphs. These changes are categorized below based on the above criterion:

- (i) Changes coming into effect immediately w.e.f. the 1st day of March, 2015;
- (ii) Changes coming into effect from the 1st day of April, 2015 ;
- (iii) The amendments which will get incorporated in the Finance Act, 1994 immediately on enactment of the Finance Bill, 2015;
- (iv) The amendments made in the Finance Act, 1994, including the change in service tax rate that will come into effect from a date to be notified by the Government in this regard after the enactment of the Finance Bill, 2015 ;
- (v) Certain fresh entries and amendments to existing entries in notification No. 25/12-ST, and certain amendments in the Service Tax Rules that will come into effect as and when the amendments in the Negative List and revised rate of Service Tax come into effect; and
- (vi) Chapter VI of the Finance Bill, 2015, regarding levy of Swachh Bharat Cess on all or any of taxable services that will come into effect from a date to be notified.

For ease of reference, the Table at para 14 summarises the changes being made and indicates the dates on which these changes would come into effect.

The salient features of the changes being made are discussed below.

3. Service Tax Rate:

3.1 The rate of Service Tax is being increased from 12% plus Education Cesses to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of Service Tax. Thus, the effective increase in Service Tax rate will be from the existing rate of 12.36% (inclusive of cesses) to 14%, subsuming the cesses.

3.2 In this context, an amendment is being made in section 66B of the Finance Act, 1994. Further, it has been provided vide clauses 179 and 187 respectively of the Finance Bill, 2015 that sections 95 of the Finance Act, 2004 and 140 of the Finance Act, 2007, levying Education Cess and Secondary and Higher Education Cess on taxable services shall cease to have effect from a date to be notified by the Government.

3.3 The new Service Tax rate shall come into effect from a date to be notified by the Central Government after the enactment of the Finance Bill, 2015.

3.4 Till the time the revised rate comes into effect, the 'Education Cess' and 'Secondary and Higher Education Cess' will continue to be levied in Service Tax.

(Clause 106 of the Bill refers)

4. Enabling provision for levy of “Swachh Bharat Cess”:

4.1 An enabling provision is being incorporated in the Finance Bill, 2014 (Chapter VI/Clause 117) to empower the Central Government to impose a Swachh Bharat Cess on all or any of the taxable services at a rate of 2% on the value of such taxable services. This cess shall be levied from such date as may be notified by the Central Government after the enactment of the Finance Bill, 2015. The details of coverage of this Cess would be notified in due course.

(Chapter VI/Clause 117 of the Bill refers)

5 Other Legislative changes:

5.1 Negative List - The changes proposed in the Negative List in Section 66 D are as follows:

(i) The Negative List entry that covers “admission to entertainment event or access to amusement facility” is being omitted [section 66D (j)]. Consequently, the definitions of “amusement facility” [section 65 B (9)] and “entertainment event” [section 65B(24)] are also being omitted. The implication of these changes are as follows,-

(a) Service Tax shall be levied on the service provided by way of access to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks.

(b) Service tax to be levied on service by way of admission to entertainment event of concerts, pageants, musical performances concerts, award functions and sporting events other than the recognized sporting event, if the amount charged is more than Rs. 500 for right to admission to such an event. However, the existing exemption, by way of the Negative List entry, to service by way of admission to entertainment event, namely, exhibition of cinematographic film, circus, recognized sporting event, dance,

theatrical performance including drama and ballet shall be continued, through the route of exemption. For this purpose a new entry is being inserted in notification No. 25/12-ST. The term recognized sporting event has been defined in the proposed amendment in the said notification.

- (ii) The entry in the Negative List that covers service by way of any process amounting to manufacture or production of goods [section 66D (f)] is being pruned to exclude any service by way of carrying out any processes for production or manufacture of alcoholic liquor for human consumption. Consequently, Service Tax shall be levied on contract manufacturing/job work for production of potable liquor for a consideration. In this context, the definition of the term “ process amounting to manufacture or production of goods” [section 65 B (40)] is also being amended, along with the Negative List entry [section 66D (f)], with a consequential amendment in S. No. 30 of notification No. 25/12-ST, to exclude intermediate production of alcoholic liquor for human consumption from its ambit.
- (iii) Presently, services provided by Government or a local authority, excluding certain services specified under clause (a) of section 66D, are covered by the Negative List. Service Tax applies on the “support service” provided by the Government or local authority to a business entity. An enabling provision is being made, by amending section 66D (a)(iv), to exclude all services provided by the Government or local authority to a business entity from the Negative List. Consequently, the definition of “support service” [section 65 B (49)] is being omitted. Accordingly, as and when this amendment is given effect to, all services provided by the Government or local authority to a business entity, except the services that are specifically exempted, or covered by any another entry in the Negative List, shall be liable to service tax .
(Clauses 105 and 107 of the Bill refers)

The above changes in the Negative List shall come into effect from a date to be notified later, after the enactment of the Finance Bill, 2015.

5.2 Further amendments in Chapter V of the Finance Act, 1994:

- (i) Services, excluding a few specified services, provided by the government are included in the Negative List. Further, specified services received by the government are also exempt. Hitherto, the term “government” has not been defined in the Act or the notification. This has given rise to

interpretational issues. To address such issues, a definition of the term “government” is being incorporated in the Act [section 65 B (26A)].

(Clause 105 of the Bill refers)

(ii) The intention in law has been to levy Service Tax on the services provided by:

(a) chit fund foremen by way of conducting a chit.

(b) distributor or selling agents of lottery, as appointed or authorized by the organizing state for promoting, marketing, distributing, selling, or assisting the state in any other way for organizing and conducting a lottery.

However, Courts have taken a contrary view in some cases, while in some cases the levy has been upheld.

An Explanation is being inserted in the definition of “service” to specifically state the intention of the legislature to levy Service Tax on activities undertaken by chit fund foremen in relation to chit, and lottery distributors and selling agents, in relation to lotteries [section 65 B (44)]. Further, an explanation is being added in entry (i) of section 66D to specifically state that these activities are not covered by the Negative List.

(Clauses 105 and 107 of the Bill refers)

(iii) Section 66F (1) prescribes that unless otherwise specified, reference to a service shall not include reference to any input service used for providing such services. An illustration is being incorporated in this section to exemplify the scope of this provision. As illustrated, reference to service provided by the Reserve Bank of India (RBI), in section 66D (b) does not include any agency service provided by other banks to RBI, as such agency services are input services used by RBI for provision of its main service. Accordingly, banks providing agency service to or in relation to services of RBI, are liable to pay Service Tax on the agency services so provided by virtue of the existing section 66F (1).

(Clause 108 of the Bill refers)

(iv) Section 67 prescribes for the valuation of taxable services. It is being prescribed specifically in this section that consideration for a taxable service shall include:

(a) all reimbursable expenditure or cost incurred and charged by the service provider. The intention has always been to include reimbursable expenditure in the value of taxable service. However, in some cases courts have taken a contrary view. Therefore, the intention of legislature is being stated specifically in section 67.

- (b) amount retained by the distributor or selling agent of lottery from gross sale amount of lottery ticket, or, as the case may be, the discount received, that is the difference in the face value of lottery ticket and the price at which the distributor or selling agent gets such tickets.

(Clause 109 of the Bill refers)

- (v) Section 73 is being amended in the following manner:

- (a) a new sub-section (1B) is being inserted to provide that recovery of the Service Tax amount self-assessed and declared in the return but not paid shall be made under section 87, without service of any notice under sub-section (1) of section 73; and
- (b) sub-section (4A) that provides for reduced penalty if true and complete details of transaction were available on specified records, is being omitted.

(Clause 110 of the Bill refers)

- (vi) Section 76 is being amended to rationalize the provisions relating to penalties, in cases not involving fraud or collusion or wilful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of Service Tax, in the following manner,-

- (a) penalty not to exceed ten per cent. of Service Tax amount involved in such cases;
- (b) no penalty is to be paid if Service Tax and interest is paid within 30 days of issuance of notice under section 73 (1);
- (c) a reduced penalty equal to 25% of the penalty imposed by the Central Excise officer by way of an order is to be paid if the Service Tax, interest and reduced penalty is paid within 30 days of such order; and
- (d) if the Service Tax amount gets reduced in any appellate proceeding, then the penalty amount shall also stand modified accordingly, and benefit of reduced penalty (25% of penalty imposed) shall be admissible if service tax, interest and reduced penalty is paid within 30 days of such appellate order.

(Clause 111 of the Bill refers)

- (vii) Section 78 is being amended to rationalize penalty, in cases involving fraud or collusion or wilful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of Service Tax, in the following manner,-

- (a) penalty shall be hundred per cent of Service Tax amount involved in such cases;
- (b) a reduced penalty equal to 15% of the Service Tax amount is to be paid if Service Tax, interest and reduced penalty is paid within 30 days of service of notice in this regard;
- (c) a reduced penalty equal to 25% of the Service Tax amount, determined by the Central Excise officer by an order, is to be paid if the Service Tax, interest and reduced penalty is paid within 30 days of such order; and
- (d) if the Service Tax amount gets reduced in any appellate proceeding, then the penalty amount shall also stand modified accordingly, and benefit of reduced penalty (25%) shall be admissible if Service Tax, interest and reduced penalty is paid within 30 days of such appellate order.

(Clause 112 of the Bill refers)

(viii) A new section 78 B is being inserted to prescribe, by way of a transition provision, that,-

- (a) amended provisions of sections 76 and 78 shall apply to cases where either no notice is served, or notice is served under sub-section (1) of section 73 or proviso thereto but no order has been issued under sub-section (2) of section 73, before the date of enactment of the Finance Bill, 2015; and
- (b) in respect of cases covered by sub-section (4A) of section 73, if no notice is served, or notice is served under sub-section (1) of section 73 or proviso thereto but no order has been issued under sub-section (2) of section 73, before the date of enactment of the Finance Bill, 2015, penalty shall not exceed 50% of the Service Tax amount.

(Clause 113 of the Bill refers)

(ix) Section 80, that provided for waiver of penalty in certain circumstances, is being omitted.

(Clause 114 of the Bill refers)

(x) Section 86 is being amended to prescribe that remedy against the order passed by Commissioner (Appeal), in a matter involving rebate of Service Tax, shall lie in terms of section 35EE of the Central Excise Act. It is also being provided that all appeals filed in Tribunal after the date the Finance Act, 2012 came into effect and pending on the date when the Finance Bill, 2015 receives assent of the President shall be

transferred and dealt in accordance with section 35EE of the Central Excise Act.

(Clause 115 of the Bill refers)

- (xi) Certain changes have been made in the provisions relating to Settlement Commission. These provisions, contained in the Central Excise Act, 1944, are made applicable to Service Tax, through section 83 of the Finance Act, 1994. For details, the D.O. letter of J.S. (TRU-I) may please be referred to.

The above stated changes in the Finance Act, 1994, shall get incorporated in the said Act on the day the Finance Bill, 2015 is enacted.

6 Review of Exemptions :

- 6.1 Exemption presently available on specified services of construction, repair, maintenance, renovation or alteration service provided to the Government, a local authority, or a governmental authority (vide S. No. 12 of the notification No. 25/12-ST) shall be limited only to,-
- (a) a historical monument, archaeological site or remains of national importance, archeological excavation or antiquity;
 - (b) canal, dam or other irrigation work; and
 - (c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
- Exemption to other services presently covered under S. No. 12 of notification No. 25/12-ST is being withdrawn.
- 6.2 Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn (S. No 14 of the notification No. 25/12-ST). The other exemptions covered under S. No. 14 of notification No. 25/12-ST shall continue unchanged.
- 6.3 Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theater, will be limited only to such cases where amount charged is upto Rs 1,00,000 for a performance (*S. No 16 of notification No. 25/12-ST*).
- 6.4 Exemption to transportation of food stuff by rail, or vessels or road will be limited to food grains including rice and pulses, flour, milk and salt. Transportation of agricultural produce is separately exempt, and this exemption would continue (*S. Nos. 20 and 21 of notification No. 25/12-ST*).

- 6.5 Exemptions are being withdrawn on the following services:
(a) services provided by a mutual fund agent to a mutual fund or assets management company,
(b) distributor to a mutual fund or AMC,
(c) selling or marketing agent of lottery ticket to a distributor.
Service Tax on these services shall be levied on reverse charge basis.
(S. No 29 of notification No. 25/12-ST).
- 6.6 Consequent to imposition of Service Tax levy on service by way of manufacture of alcoholic liquor for human consumption, an amendment is being made in the entry at S. No. 30 of notification No. 25/12-ST to exclude carrying out of intermediate production process of alcoholic liquor for human consumption on job work from this entry.
(S. No 30 of notification No. 25/12-ST).
- 6.7 Exemption is being withdrawn on the following service,-
(a) Departmentally run public telephone;
(b) Guaranteed public telephone operating only local calls;
(c) Service by way of making telephone calls from free telephone at airport and hospital where no bill is issued.
(S. No. 32 of notification No. 25/12-ST).
- 6.8 Existing exemption, vide notification No. 42/12-ST dated 29.6.2012, to the service provided by a commission agent located outside India to an exporter located in India is being rescinded with immediate effect. This exemption has become redundant in view of the amendments made in law in the previous budget, in the definition of “intermediary” in the Place of Provision of Services Rules, making the place of provision of a service provided by such agents as outside the taxable territory.

The above changes in notification No. 25/12-ST, except the change mentioned in para 6.6, shall come into effect from the 1st day of April 2015. The change mentioned at para 6.6 shall come into effect from a date to be notified after the enactment of the Finance Bill, 2015. The change mentioned at S. No. 6.8 comes into effect immediately.

7 New Exemptions:

- 7.1 Hitherto, any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment is exempt from Service Tax. The scope of this exemption is being widened to include all ambulance services.
(Amended in the entry at S. No. 2 of notification No. 25/12-ST refers).

- 7.2 Life insurance service provided by way of Varishtha Pension Bima Yojna is being exempted.
(Amendment in entry at S. No. 26A of notification No. 25/12-ST refers)
- 7.3 Service provided by a Common Effluent Treatment Plant operator for treatment of effluent is being exempted.
(New entry at S. No. 43 of notification No. 25/12-ST).
- 7.4 Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables is being exempted.
(New entry at S. No. 44 of notification No. 25/12-ST).
- 7.5 Service provided by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve is being exempted. These services when provided by the Government or local authority are already covered by the Negative List.
(New entry at S. No. 45 of notification No. 25/12-ST).
- 7.6 Service provided by way of exhibition of movie by the exhibitor (theatre owner) to the distributor or an association of persons consisting of such exhibitor as one of it's members is being exempted.
(New entry at S. No. 46 of notification No. 25/12-ST).
- 7.7 Goods transport agency service provided for transport of export goods by road from the place of removal to an inland container depot, a container freight station, a port or airport is exempt from Service Tax vide notification No. 31/12-ST dated 20.6.2012. Scope of this exemption is being widened to exempt such services when provided for transport of export goods by road from the place of removal to a land customs station (LCS).
(Amendment in notification No. 31/12-ST refers).

All the above New Exemptions shall come into effect from the 1st day of April, 2015.

8. New entries being incorporated in notification No. 25/12-ST, to continue exemption to certain activities that are presently covered by the Negative List entries which are being omitted:

- 8.1 Service by way of right to admission to,-
- i. exhibition of cinematographic film, circus, dance, or theatrical performances including drama or ballet.

- ii. recognized sporting events.
- iii. concerts, pageants, award functions, musical performances or sporting events not covered by S. No. ii, where the consideration for such admission is upto Rs. 500 per person.

(New entry 46 of notification No. 25/2012-ST and clause (zab) of definitions in the said notification)

These changes shall be made effective from the date the amendments being made in the Negative List concerning the service by way of admission to entertainment events come into effect.

9. Abatements:

- 9.1 At present, service tax is payable on 30% of the value of rail transport for goods and passengers, 25% of the value of goods transport by road by a goods transport agency and 40% for goods transport by vessels. The conditions prescribed also vary. A uniform abatement is now being prescribed for transport by rail, road and vessel and Service Tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of Cenvat Credit on inputs, capital goods and input services.
- 9.2 At present, Service Tax is payable on 40% of the value of air transport of passenger for economy as well as higher classes, e.g. business class. The abatement for classes other than economy is being reduced and Service Tax would be payable on 60% of the value of such higher classes.
- 9.3 Abatement is being withdrawn from services provided in relation to chit. Consequently, Service Tax shall be paid by the chit fund foremen on the full consideration received by way of fee, commission or any such amount. They would be entitled to take Cenvat Credit.

The proposed rationalization in abatements shall come into effect from the 1st day of April, 2015.

10. Reverse Charge Mechanism

- 10.1 Manpower supply and security services when provided by an individual, HUF, or partnership firm to a body corporate are being brought to full reverse charge. Presently, these are taxed under partial reverse charge mechanism.

10.2 Services provided by,-

- (i) mutual fund agents, mutual fund distributors; and
- (ii) agents of lottery distributor

are being brought under reverse charge consequent to withdrawal of the exemption on such services. Accordingly, Service Tax in respect of mutual fund agent and mutual fund distributor services shall be paid by the assets management company or, as the case may be, by the mutual fund receiving such services. In respect of agents of lottery, Service Tax shall be paid by the distributor of lottery.

This above changes in reverse charge mechanism will come into effect from the 1st day of April, 2015.

11. Service Tax Rules

- 11.1 In respect of any service provided under aggregator model, the aggregator, or any of his representative office located in India, is being made liable to pay Service Tax if the service is so provided using the brand name of the aggregator in any manner. If an aggregator does not have any presence, including that by way of a representative, in such a case any agent appointed by the aggregator shall pay the tax on behalf of the aggregator. In this regard appropriate amendments have been made in rule 2 of the Service Tax Rules, 1994 and notification No. 30/2012-ST dated 20.6.2012 This change comes into effect immediately i.e., w.e.f. 1st March, 2015.
- 11.2 Rule 4 is being amended to provide that the CBEC shall, by way of an order, specify the conditions, safeguards and procedure for registration in service tax. In this regard Order No. 1/15-ST, dated 28.2.2015, effective from 1.3.2015 has been issued, prescribing documentation, time limits and procedure for registration. It has also been prescribed that henceforth registration for single premises shall be granted within two days of filing the application.
- 11.3 A provision for issuing digitally signed invoices is being added along with the option of maintaining of records in electronic form and their authentication by means of digital signatures. The conditions and procedure in this regard shall be specified by the CBEC (rule 4, 4A and 5).
- 11.4 Rule 6 (6A) which provided for recovery of service tax self-assessed and declared in the return under section 87 is being omitted consequent to the amendment in section 73 for enabling such recovery. This change will come into effect from the date of enactment of the Finance Bill, 2015.

- 11.5 In respect of certain services like money changing service, service provided by air travel agent, insurance service and service provided by lottery distributor and selling agent, the service provider has been allowed to pay service tax at an alternative rate subject to the conditions as prescribed under rule 6 (7), 6(7A), 6(7B) and 6(7C) of the Service Tax Rules, 1994. Consequent to the upward revision in Service Tax rate, the said alternative rates shall also be revised proportionately. Amendments to this effect have been proposed in the Service Tax Rules.

The amendments specified in para 11.5 shall come into effect as and when the revised Service Tax rate comes into effect.

12. Cenvat Credit Rules, 2004

- 12.1 Rule 4(7) is being amended to allow Cenvat Credit of Service Tax paid under partial reverse charge by the service receiver without linking it to the payment to the service provider. This change will come into effect from 1.4.2015.
- 12.2 The period for taking Cenvat Credit is being extended from six months from the date of invoice to one year from the date of invoice.
- 12.3 Certain other changes are being made in the provisions of the Cenvat Credit Rules, 2004, which, *inter-alia*, include allowing Cenvat Credit on input and capital goods received directly by job workers, defining “export goods” for the purposes of rule 5, defining “exempt goods” for the purposes of rule 6, making applicable the provision of rule 9(4) to importer dealers, authorizing imposition of restrictions on registered dealers under rule 12AAA, and provisions relating to recovery of credit wrongly taken and imposition of penalty. For details, the D.O. letter of J.S (TRU-I) may please be referred to.

13. Advance Rulings:

The facility of Advance Ruling is being extended to all resident firms by specifying such firms under section 96A (b)(iii) of the Finance Act, 1994.

(Notification No. 9/2015-ST, dated 1.3.2015 refers)

14. **Summary of changes being made and the dates on which they would come into effect:**

Subject	Refer Para
With immediate effect (from 1.3.2015)	
(i) Shifting the liability of payment of service tax on aggregator of a service where service is provided under the brand name of the aggregator	11.1
(ii) Amendments in rules 4, 4A and 5 of the Service Tax Rules, 1994	11.2 and 11.3
(iii) Certain amendments in the Cenvat Credit Rules	12.2 and 12.3
(iv) Rescinding of notification No. 42/2012-ST	6.8
(v) Extending the scope of advance rulings to resident firms	13
With effect from the 1st day of April, 2015	
(i) Rationalization of exemptions at S. Nos. 12, 14, 16, 20, 21 and 29 of notification No. 25/2012-ST	6.1 to 6.5
(ii) Omitting the entry at S. No. 32 in notification No. 25/2012-ST	6.7
(iii) New exemptions for,- <ul style="list-style-type: none"> • Precondition, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables • Service by a Common Effluent Treatment Plant operator • Varistha Bima Yojana • Ambulance services • Admission to a museum, zoo, national park, wild life sanctuary, and a tiger reserve • Service provided by exhibitor of movie to a distributor or an AOP consisting of exhibitor as one of its member • Transport of export goods by road from the place of removal to a land customs station 	7.1 to 7.7
(iv) Change in abatement rates and conditions thereof	

<p>for transport of passengers and goods by train; transport of goods by road by a GTA; transport of goods by vessels; executive/business class travel by air; and withdrawal of abatement on services provided in relation to chit</p> <p>(v) Amendment in reverse charge mechanism,-</p> <ul style="list-style-type: none"> • To prescribe full reverse charge on manpower supply and security service provided by individual, HUF, partnership firm to a body corporate • Prescribing reverse charge on service provided by a mutual fund agent, mutual fund distributor and agents of lottery distributor <p>(vi) Amendment in rule 4(7) of the Cenvat Credit Rules to allow credit of service tax paid by recipient of service in partial reverse charge immediately on payment of tax</p>	<p>9.1 to 9.3</p> <p>10.1 and 10.2</p> <p>12.1</p>
<p>Changes in the Finance Act, 1994 that would get incorporated on enactment of the Finance Bill 2015</p>	
<p>(i) Insertion of new definition to specify the term “government” [section 65 B (26A)]</p> <p>(ii) Insertion of a new Explanation in the definition of service [section 65 B(44)]</p> <p>(iii) Insertion of an illustration in sub-section (1) of section 66F(1) to explain the scope of this sub-section</p> <p>(iv) Amendment in the definition of the terms “consideration” in section 67</p> <p>(v) Amendments in sections 73, 76 and 78.</p> <p>(vi) Insertion of transition provision by way of section 78B</p> <p>(vii) Omitting section 80</p>	<p>5.2(i)</p> <p>5.2 (ii)</p> <p>5.2(iii)</p> <p>5.2 (iv)</p> <p>5.2(v) to (vii)</p> <p>5.2 (viii)</p> <p>5.2 (ix)</p>

(viii) Amendments in section 86	5.2(x)
(ix) Amendments in the provisions relating to Settlement Commission	5.2 (xi)
(x) Omitting of rule 6 (6A) of the Service Tax Rules	11.4
With effect from a date to be notified after the enactment of the Finance Bill, 2015 in respect of each provision	
New Service Tax rate	3
Swachh Bharat Cess	4
Amendments in the Negative List (section 66D) and definitions (section 65B), namely,-	
(i) Omitting the definitions of the terms “amusement facility” [section 65 B (9)], “entertainment event” [section 65 B(24)], and entry (j) in section 66D	5.1 (i)
(ii) Amendments in the definition of terms “process amounting to manufacture or production of goods” [section 65 B (40)] and entry (f) in section 66D	5.1 (ii)
(iii) Omitting the definition of the terms “support service” [section 65 B (49)], and amendment in section 66D(a) (iv)	5.1 (iii)
Amendment in S. No. 30 of notification No. 25/12-ST to exclude job work in relation to alcoholic liquor for human consumption from the scope of this exemption	6.6
Insertion of a new entry at S. No. 47 of notification No. 25/12-ST to exempt services by way of (i) right to admission to exhibition of film, circus, dance or theatrical performances including drama, or ballet; (ii) recognized sporting event; and (iii) admission to other events where the consideration for admission is upto Rs. 500;	8.1
Amendments in alternative rates of service tax provided for air travel agent, insurance service, money changing service and service provided by a lottery distributor and selling agent in rule 6(7), 6(7A), 6(7B) and 6(7C) of the Service Tax Rules.	11.5

15. General

15.1 Changes explained above are not intended to be exhaustive and are meant only to draw attention to major changes. The text of the statutory provisions and the wordings of the notifications should be read carefully for interpreting the law.

15.2 Field formations are requested to go through the changes made in the Budget carefully. Any issues or doubts which may arise or any omission/error observed may kindly be brought to the notice of the undersigned, or Dr. Abhishek Chandra Gupta, Technical Officer at abhishek.gupta81@nic.in as soon as possible.

I would like to express my appreciation of the pre-budget suggestions and inputs received from field formations. I would also thank the officers in TRU who had worked as a cohesive team during the Budget exercise. A special word of thanks to Shri G. D. Lohani who, though promoted as Commissioner mid-way through the exercise, continued to work as a part of the team with unabated enthusiasm.

With regards,

Yours sincerely,

(M. Vinod Kumar)

To:

All Chief Commissioners / Director Generals

All Principal Commissioners/Commissioners of Service Tax

All Principal Commissioners/Commissioners of Central Excise