



EAST COAST RAILWAY

Office of the
Chief Commercial Manager
1st Floor, North Block, Rail Sadan
Chandrasekharpur
Bhubaneswar – 751017

Commercial Circular No: 102(GC)/2012

Dt. 29.09.2012.

Sub: Levy of Service Tax on Transportation of parcel traffic (leased or non-leased parcel traffic) by rail.

Ref: Railway Board's letter No. TC-II/2046/2012/3/Service Tax dt. 28.09.2012.

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Enclosed please find herewith a copy of Railway Board's letter No. TC-II/2046/2012/3/Service Tax dt. 28.09.2012 (Freight Marketing Circular No. 21 of 2012) regarding levy of Service Tax on Transportation of parcel traffic (leased or non-leased parcel traffic) by rail w.e.f. **01.10.2012** for information and necessary action.

All concerned to note and act accordingly

Authority: Railway Board's letter No. TC-II/2046/2012/3/Service Tax dt. 28.09.2012 (Freight Marketing Circular No. 21 of 2012)

Encl: As above. (4 pages)


(P.C. Sahu)

Dy. Chief Commercial Manager (FS)

No. CCM/443/Service Tax/Pt-I

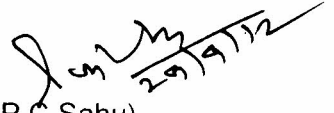
Dt. 29.09.2012.

Copy forwarded to:

All Station Managers/Goods Supervisors/Commercial Supervisors/Siding Clerks/Booking Clerk in Charges/Weigh Bridge Clerks/Clerk in Charges/City Booking Agencies/Out Agencies.

Copy for information and necessary action to the:-

COM/ECOR, SDGM/ECOR, Chairman/RCT/BBS, Dy.CVO(T)/ECOR/, Dy.COM/FOIS)/ECOR. PO/RCT/BBS, CAO(FOIS)/NDLS, Audit officer/BBS. Rates Section/CCM/ECOR/BBS-10 sets DRM:KUR,WAT,SBP/ECOR, Sr.DCM:KUR,WAT,SBP/ECOR, Sr.DOM-KUR,WAT,SBP/ECOR, Dy.CCO/ECOR, FA&CAO/ECOR, FA&CAO(T)/ECOR, CAO(TA), SAO(TA-I), AAO(C&G)/ECOR/BBS, Traffic Manager/VZP, Paradeep Port Trust/Paradeep.


(P.C. Sahu)

Dy. Chief Commercial Manager (FS)

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड RAILWAY BOARD)

No. TC-II/2046/2012/3/Service Tax.

New Delhi dated 28.09.2012

The General Managers,

- | | |
|--------------------------------------|---------------------------------------|
| 1. Central Railway, Mumbai (CSTM). | 9. North Western Railway, Jaipur. |
| 2. Eastern Railway, Kolkata. | 10. Southern Railway, Chennai. |
| 3. East Central Railway, Hajipur. | 11. South Central Rly., Secunderabad. |
| 4. East Coast Railway, Bhubaneswar | 12. South Eastern Railway, Kolkata. |
| 5. Northern Railway, New Delhi. | 13. South East Central Rly, Bilaspur. |
| 6. North Central Railway, Allahabad. | 14. South Western Railway, Hubli. |
| 7. North Eastern Railway, Gorakhpur. | 15. Western Rly., Mumbai (Chrchgate). |
| 8. Northeast Frontier Rly, Maligaon. | 16. West Central Railway, Jabalpur. |

Sub: Levy of Service Tax on Transportation of parcel traffic (leased or non-leased parcel traffic) by rail.

- 1.0 General: As per the Finance Bill 2012 and subsequent Gazette Notification No. 43 of 2012 on the subject, "Service Tax on 'Service provided in relation to transport of goods by rail' will come into effect from 1st October 2012."

In compliance of the provisions contained in Finance Bill 2012 and subsequent notification issued by the Ministry of Finance as referred to above, the following instructions are issued.

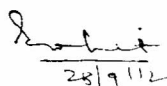
- 2.0 Service Tax will be levied for transportation of all description of parcel traffic (leased or non-leased parcel traffic) and merchandise items (for commercial use) booked as Luggage with effect from 1st October 2012. Luggage traffic i.e. personal baggage belonging to the travelling passengers, (excluding merchandise items for commercial use), shall be exempted from service tax. Commodities exempted from payment of service tax as per Ministry of Finance's Notification No. 25 of 2012 dated 20th June 2012 are

- (a) Relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (b) Defence or military equipments;
- (c) Postal mail or mail bags;
- (d) Household effects;
- (e) Newspaper or magazines registered with the Registrar of Newspapers;
- (f) Railway equipments or materials;
- (g) Agricultural produce;
- (h) Foodstuff including flours, tea, coffee, jiggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages;

- 3.0 As on date, 'Service Tax' is levied at the following rates -

- (i) Service Tax 12%
- (ii) Education Cess of 2% on Service Tax
- (iii) Higher Education Cess of 1% on Service Tax

- 4.0 Since an abatement of 70% has been permitted on freight for the taxable commodities vide notification No. 26 of 2012 Service Tax dated 26.12.2012, Service Tax will be charged on 30% of the total freight inclusive of all charges, on


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parcels traffic. Service tax shall be rounded off to the nearest rupee as per Circular No. ST-53/2/2003 dated 27.03.2003.

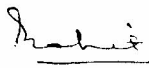
- (i) Service Tax of 12% will be charged on 30% of freight (equivalent to 3.6% on the total freight);
- (ii) Education Cess of 2% on Service Tax will be added (equivalent to 0.072% on total freight); and
- (iii) Higher Education Cess of 1% on Service Tax will also be added (equivalent to 0.036% on total freight);
- (iv) Total Service Tax implication will be (i) + (ii) + (iii) = 3.708% on the total freight.

5.0 Service tax will be levied on the total freight as reflected in the Parcel Way Bill and /or Luggage Ticket and/or Money Receipt (in case of leased parcel traffic) issued on or after 01.10.2012 and it will be collected at the time of booking and preparation of Parcel Way Bill/Luggage Ticket/Money Receipt.

6.0 In case of undercharges or other charges, which are to be collected at the destination station, Service Tax at the stipulated percentage should be collected by the destination railway on such other components also.

7.0 To facilitate correct assessment, collection and payment of Service Tax, following instructions are issued:

- (i) FA&CAO of Zonal Railways will get themselves registered online at the earliest and, in any case within 30 days' time to get a Registration No. from the concerned Superintendent of Central Excise for proper accountal and remittance of Service Tax amount.
- (ii) In case of Parcel Way Bills/ Luggage Tickets which are being manually prepared (non-PMS locations), only the Registration No., Code of service and details of the Service Tax, Education Cess, Higher Education Cess and Total Service Tax will be indicated on the Parcel Way Bills by the parcel staff.
- (iii) Till such time as changes are made in the PMS software, details mentioned in sub-para (ii) above will be manually written by the Parcel Clerks in the computerized Parcel Way Bills also, which will be generated at PMS locations.
- (iv) Meanwhile, CRIS & CAO/PTS will make provision for separate accountal of Service Tax in the PMS software for inclusion of relevant details in computerized issued from PMS locations. The Computerized Parcel Way Bills will have separate indication for (a) Service Tax, (b) Education Cess, (c) Higher Education Cess and (d) Total Service Tax. Necessary changes should be made in the format of Parcel Way Bills for inclusion of following entries :
 - Name &
 - Address of customer.
 - Registration No. of Service Tax provider i.e. FA&CAO of zonal railway.
 - Amount of Service Tax.
 - Type of Service.
 - Code No. of Service.
 - Exemption Notification No.25 of 2012 ST dt. 20.06.2012 is being availed.


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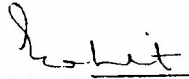


- (v) Till allotment of Registration No., Zonal railways will be required to mention 'Applied For' against the space provided for Registration No. Parcel Way Bills software will also print 'Applied For' in the Computerized Parcel Way Bill till such time as CRIS & CAO/ PTS is intimated about their Registration Nos. by FA&CAOs of Zonal Railways.
 - (vi) It may be ensured that not only railway customers but also all lease holders should pay Service Tax along with freight/lumpsum leased freight/ haulage charge. Further, where advance payment facility has been permitted they would be required to pay Service Tax along with the freight/ lumpsum leased freight/ haulage charge.
 - (vii) It may be ensured that proper arrangements are made for up-keep of records from the initial stage itself for subsequent auditing by Service Tax Authorities. As each location would be audited periodically, system of correct maintenance of records is a pre-requisite for its proper implementation.
 - (viii) Instructions may be communicated to all the concerned staff at all levels regarding the relevant provisions of this tax and they should be made conversant with the various provisions for effective and efficient implementation of the same.
 - (ix) On any written request from customers, CCM Office will issue a monthly consolidated certificate to be signed by an Officer authorized by CCM and duly countersigned by Dy. CAO/T or officer nominated thereto, for each customer giving details of Service Tax collected from them during the previous month, date-wise and PW Bill-wise with breakup of (a) Service Tax, (b) Education Cess, (c) Higher Education Cess and (d) Total Service Tax. This can be used by the customers for getting credit of Service Tax from the concerned Superintendent of Central Excise as due to them.
 - (x) Each station/parcel office collecting the service tax shall submit a statement showing customer wise details of service tax collected from them during the previous month date-wise and PW Bill-wise with breakup of service tax, education cess and higher education cess along with the station balance sheet.
 - (xi) Service tax as applicable shall be collected along with Wagon Registration Fee (WRF), if and where applicable, and, separately, at the stage of booking the consignment through Parcel Way Bill/Luggage Ticket and/or Money Receipt for the respective amount. In case of any refund of either the WRF or Freight charges the corresponding service tax shall also be refunded.
 - (xii) Since service tax due in case of undercharges detected at the destination station will be recovered by the destination station, the station will maintain separate record of service tax so collected. It shall also prepare a monthly statement showing customer wise details of invoice, undercharges and service tax/cess collected thereon to be submitted along with the station balance sheet to Traffic Accounts office.
- 8.0 It is suggested that various documents like Service Tax, relevant notifications etc. may be obtained and all concerned may be made well conversant with the same. Such relevant documents/notifications etc may be availed on official website of CBEC i.e; www.cbec.gov.in.


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- 9.0 Instructions regarding Registration No, head of allocation, accounting procedure, system of making payment etc. are being issued separately by the Accounts Directorate.
- 10.0 Any modification in the policy made by Ministry of Finance from time to time will become applicable and will be notified accordingly.
- 11.0 These instructions will come into force w.e.f. 01.10.2012.
- 12.0 This issues in consultation with Finance Directorate of Ministry of Railways.


(Rohit Kumar) 28/9/12
Dy. Director Traffic Commercial-II
Railway Board

No. TC-II/2046/2012/3/Service Tax.

New Delhi dated 28.09.2012

Copy forwarded for information to:

1. FA&CAOs, All Indian Railways.
2. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan, New Delhi.

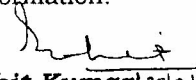

for Financial Commissioner/Railways

No. TC-II/2046/2012/3/Service Tax.

New Delhi 28.09.2012

Copy forwarded for information and necessary action to:

1. The Chief Commercial Manager, All Indian Railways.
2. The Chief Operations Managers, All Indian Railways.
3. The Chief Commercial Manager (FM), All Indian Railways.
4. The Managing Director/ Chief Commercial Manager,, Konkan Railway Corporation Ltd., Belapur Bhavan, Plot No.6, Sector 11, CBD Belapur, Navi Mumbai-400014.
5. The General Manager, Centre for Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
6. Director General, Railway Staff College, Vadodara.
7. Director, Institute of Rail Transport Management (IRTEM), Manaknagar, Lucknow.
8. General Secretary, IRCA, New Delhi.
9. AM(Traffic), AM(C), Adv.(Rates), Adv. (F), Adv. (Vig), EDPM, EDPG, EDTC(R), EDV(T), EDF(C&RM), DF(C), DPM, JDTC(R)/ Railway Board for kind information.
10. CRB, FC, MT, ME, ML, MS, MM, Secretary/ Railway Board for kind information.


Rohit Kumar) 28/9/12
Dy. Director Traffic Commercial-II
Railway Board