

EAST COAST RAILWAY

Office of the
Chief Commercial Manager
Bhubaneswar
Date: 04.07.2016

Commercial Circular No. 95(GC)/2016

Sub: Levy of Service Tax issues- Clarification thereof.

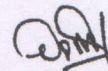
Ref: Board's Service Tax Circular No. 1/2016 & RBA No. 41/2016 dated 21.06.2016

A Copy of Railway Board's letter under reference is enclosed herewith for information and necessary action. Please ensure **strict compliance** of the guidelines enumerated in the above mentioned Circular.

All concerned to note and act accordingly.

Authority: Railway Board's letter No. 2016/AC-II/2/5 dated 21.06.2016.

Encl: As above (01 page)



P. K. Samal

Dy. Chief Commercial Manager (FS)

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

Dt. 04.07.2016

All Station Managers/ Goods Supervisors/ Commercial Supervisors/ Siding Clerks/ Booking Clerk in Charges/ Weigh Bridge Clerks/ Clerks in Charges/Parcel in Charges/PRS in Charges

Copy for information and necessary action to the:-

COM: ECoR, CFTM/ECoR, SDGM/ECoR/BBS, Chairman/RCT/BBS, Dy. CVO(T)/ECoR/BBS, Dy.COM(FOIS)/ECoR/BBS, PO/RCT/BBS, Audit officer/BBS, Rates Section/CCM/ECoR/BBS – 10 sets, DRM:KUR, WAT, SBP/ECoR, Sr.DOM – WAT,SBP, KUR/ECoR, Sr.DCM-KUR, WAT, SBP/ECoR, Dy.CCO/ECoR, FA & CAO/BBS/ECoR, FA & CAO(T)/BBS/ECoR, Traffic Manager: Visakhapatnam Port Trust, Paradeep Port/Paradeep

SL NO. 95(GC)16

03 ~~pages~~ pages ①



Dy. Chief Commercial Manager (FS)



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

Service Tax Circular No. 1/2016
RBA No. 41/2016

No. 2016/AC-II/2/5

24.6.2016

General Managers
All Zonal Railways and Production Units

Sub :- Service Tax issues-Clarifications thereof.

Some of the Zonal Railways have been seeking clarifications relating to Reflection of Swachh Bharat Cess (SBC) in RR and UTS Reports, etc. This issue has been examined in the Accounts Dte in consultation with Finance (Commercial) Dte and following instructions are issued for strict implementation.

2. As on date, following is the rate of Service Tax to be collected by Railways together with Accounting Code in respect of applicable services provided thereon:-

Details of Taxable Service	Whether abatement available	Service Tax Rate	Swachh Bharat Cess Rate (w.e.f. 15.11.2015)	Krishi Kalyan Cess Rate (w.e.f. 1.6.2016)
Transportation of Goods by Rail	Yes	4.20%	0.15%	0.15%
Transportation of Passengers by Rail	Yes	4.20%	0.15%	0.15%
Other Taxable Services viz., Rental of Immovable Property, etc	No	14.00%	0.50%	0.50%

2.1 Accounting Heads below Major Head 0044-Service Tax are as follows:-

Type of Levy	Tax Collections	Other Receipts	Deduct Refunds	Penalties
Basic Service Tax	0044-00-225-01	0044-00-225-02	0044-00-225-03	0044-00-225-04
Swach Bharat Cess	0044-00-506-01	0044-00-506-02	0044-00-506-03	0044-00-506-04
Krishi Kalyan Cess	0044-00-507-01	0044-00-507-02	0044-00-507-03	0044-00-507-04

2.2 Railway Board vide letter No. 2013/ED(AIMS)/Cenvat Credit/1 dated 29.3.2016 has also brought out that vide notification No. 26/2012-ST availment of Cenvat Credit is restored. **Now Cenvat Credit is available in respect of Service Tax paid on input services.** Further, Ministry of Finance vide notification No. 28/2016 has mentioned in rule 3 of CENVAT Credit Rules, 2004 that 'Cenvat Credit in respect of **Krishi Kalyan Cess** on taxable services leviable under 161 of the Finance Act, 2016 shall be utilized only towards payment of Krishi Kalyan Cess on taxable services leviable under section 161 of the Finance Act, 2016 (28/2016).

2.3 Given the above, it is of paramount importance that not only the RRs/PRS/Invoices issued by Zonal Railways depicts clearly the various component of Service Tax as brought out above, but Cenvat Credit is also availed in respect of Service Tax and Krishi Kalyan Cess correctly against the tax collections under these heads. While CRIS has already been advised by Traffic Commercial, Freight Marketing and Passenger Marketing Dte to

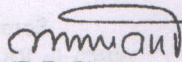
SL NO' 95 (GC) 16
03 page (2)

modify the computer program for generating RRs, PRS tickets, etc due to the introduction of Krishi Kalyan Cess w.e.f. 1.6.2016, Zonal Railways are also directed to issue Invoices as envisaged in Rule 4A of Service Tax Rules, 1994 in respect of other Taxable Services.

2.4 In terms of Rule 1138 of Accounts Code Vol. I all dues of the Railways should be realized by issue of Bills. It is therefore, imperative that Railways while issuing the Bills in respect of services rendered should clearly segregate value of services rendered, Service Tax amount, SBC and KKC, thereon. It is also mentioned that Railways may mention the Service Tax Registration number invariably in the bills preferred to Railway Customer, besides maintaining the bill number sequentially, so that the tax payable is worked out duly supported with these bills.

3. It is also directed that necessary records may be maintained for the Tax collected and also Cenvat credit availed so that the same could be verified by Tax authorities, if required.

4. The above instructions may be rigidly followed.


(B.B. Verma)
Adviser/Accounts

Copy to:-

- a) MD/CRIS, Chanakyapuri, New Delhi:- Railway Board vide letter No. TCR/1078/2015/15 dated 31.5.2016, TC-II/2910/2012/Service Tax dated 31.5.2016 and TC-II/2046/2012/3/Service Tax dated 31.5.2016 have notified the introduction of Krishi Kalyan Cess for Transportation of Goods by Rail, Transportation of Passenger by Rail and Transportation of parcel Traffic by Rail respectively. It is requested that while printing the RRs, Passenger Tickets, etc, the Service Tax, SBC and KKC elements may be clearly displayed. Further in all the reports generated through the system, segregation of Service Tax, SBC and KKC elements may be separately shown to facilitate eventual proper accountal of Service Tax, etc and filing of Service Tax Returns.
- b) PCEs,CCMs, COMs, FA&CAOs all Indian Railways.
- c) PSO to FC(Rlys), AM(F), AM(B), AM(C), Adv (Fin), Adv (Rates), EDF (C), ED(C&IS), DFC, DTC(G), DPM, DFM, DDTTC (R), F(C) branches, Railway Board.
- d) GM, Metro Railway, Kolkata.
- e) GM/PRS/CRIS, GM/UTS/CRIS, CAO/FOIS, Northern Railway at Chanakyapuri, New Delhi.

SL NO' 75 (7C) 16

03 page 3

SL NO' 75 (7C) 16
03 page 3