

Compliance Under Service Tax – 2012-13 – Bank Audit

The compliance under service tax provisions post Finance Bill 2012 may need clarity on 3 aspects which are discussed as under:

I. Small Service Provider Exemption

The basic exemption is available to the CA whose taxable services in 2011-12 did [does] not exceed Rs.10 lakhs. Such CA would not be liable to service tax for services provided in 2012-13 upto a value of Rs. 10 Lakhs. Once the limit is exceeded then they would be liable for the incremental services beyond Rs. 10 Lakhs.

Therefore if eligible for the exemption, no need to charge any service tax for the bank audit.

II. Date of Billing

The Bank audit could have commenced in March 2012, however the completion of the services would be in April/ May 2012. Since the completion of service is important, as per the Point of Taxation Rules {POTR} the rate of service tax would be: Basic- 12% EC- 0.24 SHEC- 0.12- Total 12.36%.

This is so because we do not receive any advance and billing prior to provision of service would not change the rate.

III. Date of payment

The date of payment would be irrelevant this year as the rate of 12% is effective for the year and changes if any are only expected to be in Budget 2013.

This is for general guidance of members, however, members may take their independent and correct view regarding chargeability of service tax.

For any further queries please host on www.pdcai.org or send to idthc@icai.org