



MVDCO Advisory Services

ALERT**INCREASE IN SERVICE TAX**

Central Government has vide its' notification number 14/2015 dated 19th May 2015 has increased service tax rate from 12.36% (consisting of Service tax 12%, Education Cess 2% of Service tax, Secondary & Higher education (SHE) cess 1% of service tax) to 14% (Service tax only, No Education Cess as well as No SHE Cess) with effect from 1st June 2015.

As per point of taxation rules prescribed under service tax act, rate of service tax will be applicable as under.

Rate of Service Tax	Conditions for applicable Rate
12.36%	Out of following three events, two events have been occurred on or before 31st May 2015 1) Completion of provision of service. 2) Raising of invoice 3) Receipt of Payment
14%	Out of following three events, two events have been occurred on or after 1st June 2015 1) Completion of provision of service. 2) Raising of invoice 3) Receipt of Payment

As per current CENVAT Rules, credit balance in Education Cess and SHE Cess cannot be utilised against liability of service tax (new or old). So all are requested not to utilise balance in Education Cess and SHE Cess against your service tax liability on or after 1st June 2015 till the government come out with proper clarification.

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