



केन्द्रीय उत्पाद शुल्क एवं सेवा कर आयुक्त का कार्यालय
नं.1, विल्लियम्स रोड, कन्टोनमेंट, तिरुच्चिरापल्लि 620 001
OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE & SERVICE TAX
1, WILLIAMS ROAD, CANTONMENT, TIRUCHIRAPPALLI - 620 001

TRADE NOTICE NO. 5/2016-ST

.06.2016

Subject: Service Tax - Communication of Circulars issued
by the Government - Regarding.

The Government of India, Ministry of Finance, Department of Revenue, New Delhi has issued the under-mentioned Circulars :-

Circular No. and date	Subject in brief
193/03/2016-ST dated 18.05.2016 (F. No.356/1/2016-TRU)	Clarification regarding leviability of service tax in respect of services provided by arbitral tribunal and members of such tribunal.
194/04/2016-ST dated 26.05.2016 (F. No.354/31/2016-TRU)	Communicates the Accounting Codes for payment of Krishi Kalyan Cess leviable on taxable services with effect from 01.06.2016.

2. The contents of the above-mentioned Notifications and Circular are communicated herewith to all the constituent members of Industry / Trade Associations and Chamber of Commerce.

(Issued from file C. No.IV/16/805/2016-S.T. Policy)


(SANSAR CHAND)
Commissioner

Encl. : As stated above.

To
As per mailing list.
All Divisions / Ranges under Trichy Commissionerate.
All Sections in Hqrs. Office, Trichy.

Copy to : Computer Centre, Hqrs., Trichy - for uploading the Trade Notice to the website of the Commissionerate.

(Circular No.193/03/2016-ST (F. No.356/1/2016-TRU) dated 18.05.2016 issued by the Government of India, Ministry of Finance)

Sub: Clarification regarding leviability of service tax in respect of services provided by arbitral tribunal and members of such tribunal -reg.

It has come to the notice of the Board that there is some confusion regarding the legal position with respect to continuance of reverse charge mechanism for services provided by arbitral tribunals and individual arbitrators on the arbitral tribunal, with effect from 1.4.2016.

2.1. Services provided by an arbitral tribunal to (i) any person other than a business entity; or (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year, are exempt from services tax [Entry 6(a) of Notification No. 25/2012 - ST refers]. "Arbitral tribunal" has been assigned the same meaning in the exemption notification No. 25/2012 - ST [paragraph 2(c)] as in clause (d) of Section 2 of the Arbitration and Conciliation Act 1996, which is as follows:-

"arbitral tribunal means a sole arbitrator or a panel of arbitrators"

2.2. In the Budget 2016-17, the entry at (c) of Sl. No. 6 of notification No.25/2012-ST, has been omitted with effect from 1.4.2016. It read as:

"Services provided by a person represented on an arbitral tribunal to an arbitral tribunal."

3. The matter has been examined. It may be noted that the services provided or agreed to be provided by an arbitral tribunal to a business entity (turnover exceeding Rs 10 lakh) located in the taxable territory, is taxable under reverse charge mechanism and recipient of service is liable to discharge service tax liability [Rule 2(d)(D)(I) of Service Tax Rules, 1994 and Notification No. 30/3012 - ST (Sl. No. 4) refer]. There is no change in the Budget 2016-17 with respect to the said provisions.

4. It could be argued that service provided by an arbitrator on the panel of arbitrators, to the arbitral tribunal is taxable under forward charge. However, this does not appear to be a correct interpretation of law. Any reference in Service Tax law to an "arbitral tribunal" necessarily includes the natural persons on the arbitral tribunal, by virtue of clause (d) of Section 2 of the Arbitration and Conciliation Act, 1996. Services are provided or agreed to be provided by the panel of arbitrators, as comprising the several natural persons on the said panel, to the business entity or to the arbitration institution approached by the business entity for purposes of arbitration. The liability to discharge service tax is on the service recipient, if it is a business entity located in the taxable territory with a turnover exceeding rupees ten lakh in the preceding financial year.

5. In view of the above, it is clarified that Service Tax liability for services provided by an arbitral tribunal (including the individual arbitrators of the tribunal) shall be on the service recipient if it is a business entity located in the taxable territory with a turnover exceeding rupees ten lakh in the preceding financial year.

(Circular No. 194/04/2016-ST (F. No.354/31/2016-TRU) dated 26.05.2016 issued by the Government of India, Ministry of Finance)

Subject : Accounting codes for payment of Krishi Kalyan Cess – Regarding.

Chapter VI of the Finance Act, 2016 will come into effect from 1st June, 2016. Krishi Kalyan Cess is leviable on all taxable services other than services which are fully exempt from service tax or services which are otherwise not liable to service tax under Section 66B of the Finance Act, 1994, at the rate of 0.5%.

2. Accordingly, accounting codes have also been allotted by the Office of the Controller General of Accounts for the new Minor Head "507-Krishi Kalyan Cess" and new Sub-heads as under :

S. No.	Krishi Kalyan Cess (Minor Head)	Tax Collection	Other Receipts (Interest)	Deduct Refunds	Penalties
1	0044-00-507	00441509	00441510	00441511	00441512