

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 10th May, 2008

Notification No.19/2008-Service Tax

G.S.R. (E).- In exercise of the powers conferred by sub-sections (1) and (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules to further amend the Service Tax Rules, 1994, namely :-

1. (1) These rules may be called the Service Tax (Second Amendment) Rules, 2008.
(2) Save as otherwise provided in these rules, they shall come into force on the date of their publication in the Official Gazette.

2. In the Service Tax Rules, 1994, -

- (i) in rule 4A, for the words "to a customer" wherever they occur, the words "to any person" shall be substituted with effect from the 16th day of May, 2008;
- (ii) in rule 4B, for the words "to the customer", the words "to the recipient of service" shall be substituted with effect from the 16th day of May, 2008;
- (iii) in rule 6, -
 - (a) in sub-rule (1), after the third proviso, the following Explanation shall be inserted, namely:-

"Explanation.- For the removal of doubts, it is hereby declared that where the transaction of taxable service is with any associated enterprise, any payment received towards the value of taxable service, in such case shall include any amount credited or debited, as the case may be, to any account, whether called 'Suspense account' or by any other name, in the books of account of a person liable to pay service tax.,"

(b) after sub-rule (7A), the following sub-rule shall be inserted with effect from the 16th day of May, 2008, namely:-

"(7B). The person liable to pay service tax in relation to purchase or sale of foreign currency, including money changing, provided by a foreign exchange broker, including an authorised dealer in foreign exchange or an authorized money changer, referred to in sub-clauses (zm) and (zzk) of clause (105) of section 65 of the Act, shall have the option to pay an amount calculated at the rate of 0.25 per cent. of the gross amount of currency exchanged towards discharge of his service tax liability instead of paying service tax at the rate specified in section 66 of Chapter V of the Act.

Provided that such option shall not be available in cases where the consideration for the service provided or to be provided is shown separately in the invoice, bill or, as the case may be, challan issued by the service provider.

Illustration

Buying rate \$US 1 = Rs.38, selling rate \$US 1 = Rs.40

- (i) Person exchanged \$100 for equivalent rupees
Transaction value = Rs.3800 (Rs.38 x 100)
Service tax payable = Rs.9.5 (0.25% x 3800)
- (ii) Person exchanged equivalent rupees for \$100
Transaction value = Rs.4000 (40 x 100)
Service tax payable = Rs.10 (0.25% x 4000).

[F. No. B1/5/2008-TRU]
(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification No.2/94-Service Tax, dated the 28th June, 1994 and published in the Gazette of India, Extraordinary vide number G.S.R.546 (E), dated the 28th June, 1994 and were last amended vide notification No.4/2008-Service Tax, dated the 1st March, 2008 and published vide number G.S.R. 148(E), dated the 1st March, 2008.