

PUNJAB STATE TRANSMISSION CORPORATION LIMITED

Regd. Office: PSEB Head Office, The Mall, Patiala.
(O/O Financial Advisor, Budget & FR Section)
3rd Floor, Shakti Sadan, Opp Kali Mata Mandir, Patiala.
Phone/fax No. 0175-2206523.

F.R. Circular No.:- 2/2012

To

1. All Er.-In-Chiefs/Chief Engineers, PSTCL.
2. CAO/Corporate Accounts & FA, PSTCL.
3. All Dy. CEs/SEs, PSTCL.
4. All Dy. CAOs/Dy. FA, PSTCL
5. Company Secretary, PSTCL
6. All Addl. SEs/Sr. Xens, PSTCL.
7. All AOs/PSTCL.

SEI Planning & IT

Memo No.:- 2272/2380 / FR- 40

Dated:- 03-10-2012

Sub.:- Guidelines for implementation of Reverse Charge Mechanism introduced by Govt. of India vide notification no. 30/2012 Service Tax Dt. 20.06.2012, 45/2012 & 46/2012 dt. 07.08.2012.

Govt. of India has introduced w.e.f 01.07.2012 a new scheme of taxation called Reverse Charge Mechanism in respect of certain services vide subject cited notifications. As per notification the liability of payment of Service Tax is affixed on both i.e. service provider and the service recipient in respect of specified services in specified conditions.

The notifications are also applicable on PSTCL (if it receives any of the services mentioned in the table below) as service receiver **if the contractor is an individual, Hindu Undivided Family or partnership firm, whether registered or not, including association of persons**, located in the taxable territory to a business entity registered as a body corporate located in the taxable territory.

However, if the contractor is a registered company, Ltd./Pvt. Ltd. Reverse Charge Mechanism will not apply.

Thus the nature of the service and the status of both the service provider and service receiver are important to determine the applicability of partial reverse charge provisions.

The extent of service tax payable thereon by the person who provide the service and the person who receives the service (*where Reverse Charge Mechanism is applicable*) is given in the following table:-

Table			
S. No.	Description of a service	Percentage of service tax payable by the person providing service	Percentage of service tax payable by the person receiving the service
1	in respect of services provided or agreed to be provided by an <u>insurance agent</u> to any person carrying on insurance business	Nil	100%
2	in respect of services provided or agreed to be provided by a <u>goods transport agency</u> in respect of transportation of goods by road	Nil	100%
3	in respect of services provided or agreed to be provided by way of <u>sponsorship</u>	Nil	100%
4	in respect of services provided or agreed to be provided by an <u>arbitral tribunal</u>	Nil	100%
5	in respect of services provided or agreed to be provided <u>by individual advocate or a firm of advocates by way of legal services</u>	Nil	100%
5A	in respect of services provided or agreed to be provided by a <u>director of a company to the said company</u>	Nil	100%
6	in respect of services provided or agreed to be provided by <u>Government or local authority</u> by way of support services excluding,- (1) renting of immovable property, and (2) services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994	Nil	100%

7	(a) in respect of services provided or agreed to be provided by way of <u>renting of a motor vehicle</u> designed to carry passengers on abated value to any person who is not engaged in the similar line of business (b) in respect of services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on <u>non abated value to any person</u> who is not engaged in the similar line of business	Nil	100 %
8.	in respect of services provided or agreed to be provided <u>by way of supply of manpower for any purpose or security services</u>	60%	40%
9.	in respect of services provided or agreed to be provided in service portion in execution of works contract	25%	75 %
10	in respect of any taxable services provided or agreed to be provided by any person <u>who is located in a non-taxable territory and received by any person located in the taxable territory</u>	50%	50%
		Nil	100%

In this connection provisions of Finance Act relating to registration, deposit of tax and filing returns shall apply to PSTCL

As the work is of statutory and important nature, the following actions are required to be taken by the various concerned offices:-

1. The work of registration, deposit of tax and filing returns etc. shall be performed by concerned DDOs.
2. All DDOs shall deposit service tax by the due date to avoid any violation and penal action.

It is pertinent to mention that the service tax is a liability towards Govt. of India. Penal provisions do exist in respect of Service Tax also. Failure to obtain registrations, failure to pay the tax, failure to furnish the prescribed returns, suppression of the correct value of the taxable services and failure to comply with notice do attract penal provisions as prescribed in the Service Tax Rules.

The above instructions are in the nature of guidelines to implement the provisions of Service Tax Rules. If at any point there is any contradiction with the Service Tax Rules and The Finance Act the provisions of Service tax rules, the Finance Act, rules made there under, notifications and circulars shall have overriding effect.

All the DDOs are advised to visit the www.cbec.gov.in , www.servicetax.gov.in sites for any further clarification.

This issues with the approval of competent authority.

Accounts Officer/Budget & FR,
For: Financial Advisor, PSTCL,
Patiala.

Endst No:- 2381/84

Date:- 03-10-2012

Copy of the above is forwarded to the following for information please.

- 1 Sr. PS to CMD/ PSTCL, Patiala.
- 2 Sr. PS to Dir./Admn., PSTCL, Patiala.
- 3 Dy. Secy. to Dir./Technical, PSTCL, Patiala.
- 4 Sr. PS to Dir./F&C, PSTCL, Patiala.

Accounts Officer/Budget & FR,
For: Financial Advisor, PSTCL,
Patiala.

2385 / 03-10-2012

CC. Sr. Executive Engineer/IT & Technical Audit, PSTCL, Patiala with a request to upload the above on PSTCL website.