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कर अनुभाग

CIRCULAR NO.04/2017

FCI Headquarters has been receiving references regarding applicability of service tax on the arrear of storage charges payable to CWC w.e.f. 01.04.2013 to 16.02.2014 for which claim has been made in the year 2016-17. In this regard, the relevant circulars have already been issued by FCI, Headquarters as detailed below:-

- Circular no. 02/2014 dated: 25.02.2014 related to applicability of service tax on storage of rice.
- Circular no. 06/2015 dated: 26.06.2015 related to point of taxation rules.

As per point of taxation rule (4), when there is a change in effective rate of tax and service has been provided before change in effective rate of tax, the point of taxation would be the date of issue of invoice or date of payment, whichever is earlier. Further as per rule 2 (ba), the definition of change in the effective rate of tax includes a change in the portion of value on which tax is payable in terms of notification issued in the official Gazette under the provisions of the Act, or rules made thereunder. This "change in effective rate of tax" includes the following changes:-

- a) Changes in effective rate of tax
- b) Exemptions from tax
- c) Abatement from tax.

In this case, there is a change in effective rate of tax as service tax has been exempted on storage of rice w.e.f 17.02.2014. As per rule (4), no service tax will be applicable on storage of rice, as the invoice has been raised as well as payment has been made in 2016-17 when the service tax is not applicable on storage of rice.

This is for your information please.

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