

## 1: How To Calculate Service Tax And VAT On Under-Construction Property

*INSURANCE AUXILIARY SERVICES. SERVICE TAX IN INDIA* The tax reforms committee headed by [www.enganchecubano.com](http://www.enganchecubano.com) recognized the revenue potential of the service sector in India and recommended imposition of service tax on select services.

Across the country, divergent business models and practices are being followed in the construction sector. Some of these business models and practices could be region specific. From the issues referred by the field formations, important ones have been identified model wise, examined and clarified as follows: Tripartite Business Model Parties in the model: Here two important transactions are identifiable: Generally in this model, land is owned by a society, comprising members of the society with each member entitled to his share by way of an apartment. Generally, they pay by cash. Value, in the case of flats given to second category of service receivers, shall be determined in terms of section 67 1 i of the Finance Act, In this model, before the commencement of the project, the same is on offer to investors. Either a specified area of construction is earmarked or a flat of a specified area is allotted to the investors and as it happens in some places, additionally the investor may also be promised a fixed rate of interest. After a certain specified period an investor has the option either to exit from the project on receipt of the amount invested along with interest or he can re-sell the said allotment to another buyer or retain the flat for his own use. Mere change in use of the building does not involve any taxable service, unless conversion falls within the meaning of commercial or industrial construction service. In certain states, completion certificates have been waived or are considered as not required for certain specified types of buildings. Doubts have been raised, regarding levy of service tax on the construction service provided, in such situations. Where completion certificate is waived or is not prescribed for a specified type of building, the equivalent of completion certificate by whatever name called should be used as the dividing line between service and sale. Many variants of this model are being followed in different regions of the country, depending on the nature of the project. Risk taking and sharing ability of the parties concerned is the essence of a BOT project. Transactions involving taxable service take place usually at three different levels: Consideration for this taxable service may be in the nature of upfront lease amount or annual charges paid by the concessionaire to the Government or its agency. In this model, though the concessionaire is undertaking construction of a building to be used wholly or partly for furtherance of business or commerce, on the land provided by the government or its agency for temporary use, he will not be treated as a service provider since such construction has been undertaken by him on his own account and he remains the owner of the building during the concession period. At the second level, transaction can take place between a concessionaire and the contractor. Where the concessionaire himself does not have exposure to construction sector, he may engage a contractor for undertaking construction of a building on the land, in respect of which right to use has been obtained in his favour, from the Government or its agency. Where an independent contractor is engaged by a concessionaire for undertaking construction for him, then service tax is payable on the construction service provided by the contractor to the concessionaire. For example, the user may be paying a rent or premium on the sub-lease for temporary use of immovable property or part thereof, to the concessionaire. At this third level, concessionaire is the service provider and user of the building is the service receiver. Service tax is leviable on the taxable services provided by the concessionaire to the users. There could be many variants of the BOT model explained above and implications of tax may differ. Taxable service here will be business auxiliary service and service tax is leviable on the commission. Government or its agency and concessionaire are liable to pay tax on the services being provided by them. There could be several other persons liable to pay service tax, depending on the variant of the BOT model followed.

### 2: Goods and Services Tax (India) - Wikipedia

*Service tax 1. Module SERVICE TAX 2. Introduction Service Tax is an indirect tax levied on services. It was imposed by Chapter V of Finance Act, , which was introduced by the then Finance Minister Dr. Manmohan Singh.*

Now with a salary increment, he was closer to turning his dream into a reality. He shortlisted a few under-construction properties that met his budget of Rs 60 lakh. However, as he readied himself to pay, he enquired about the actual cost of the apartment from the developer. Their actual value varies from state to state, depending on where the property is being constructed. Once GST is rolled out, these and other central and state indirect taxes will be subsumed and a consolidated indirect taxation regime will come into force. The first part is the cost of the land and calls for no VAT or service tax. The third part is the cost of construction and involves labour charges and can be treated as a service that is rendered by the developer to the purchaser. Therefore, service tax can be levied on this component. Let us learn more about these taxes and the calculation behind them. At present, the Service Tax rate in India is 15 per cent. The basic cost of the property that you pay includes the cost of land and construction. Service tax is applied only on the construction component. Earlier, the calculation of service tax was a bit complicated. The government levied "two rates of abatement for services of construction of complex, building, civil structure, or a part thereof". For a residential unit having a carpet area of less than 2, square feet and costing less than Rs 1 crore, there was a 75 per cent abatement. The abatement was 70 per cent of the amount charged for other units. Both were subject to fulfilment of certain conditions. This now brings the effective service tax on residential property to 4. In all these cases, service tax is a standard 15 per cent. Parking charges are also exempt from the service tax net. Service tax is payable only on property purchase directly from developers and is not required in the case of resale property purchase, as there is no service provided. Service tax is not applicable on the construction of a single residential unit such as an independent house, villa or bungalow. Moreover, there is no service tax on the affordable housing segment. For more information on property in Noida, [click here](#). Who is liable to pay these taxes? Although it is the responsibility of the developer to deposit the VAT and service tax with the government, they often recover the cost from buyers. It ultimately depends on what the agreement between builder and the buyer provides. If you wish to avoid paying VAT and service tax, please ensure that the same is mentioned in your agreement with the builder. After the implementation of the new indirect tax regime, there will be no separate service tax or VAT levied on real estate transactions. Real estate experts say that stamp duty and property taxes may continue to be levied on immovable properties.

### 3: How to Calculate Service Tax on Under Construction Property

*About. There's two ways to get experience on anything: either Face it yourself or to Learn from the others Experiences. We have here organized a basic platform to share your experience in which you are expertise on.*

Printer Friendly A Project Office PO means a place of business established to represent the interests of a foreign company executing a project in India. Such offices are prohibited from undertaking or carrying on any activity other than the activity relating to the execution of the project for which such office is established. Reserve Bank has granted general permission to foreign companies to establish POs in India, provided they have secured a contract from an Indian company to execute a project in India, and the project is funded directly by inward remittance from abroad; or the project is funded by a bilateral or multilateral International Financing Agency; or the project has been cleared by an appropriate authority; or a company or entity in India awarding the contract has been granted Term Loan by a PFI or a Bank in India for the project. Such entities are required to apply to RBI for prior permission to establish an office in India. Name and address of the Foreign Company, b. Reference Number and date of letter awarding the contract, c. The total amount of contract, d. Tenure of PO, f. Brief details of the Project undertaken, g. AD branch with whom the account has been opened and the foreign currency in which the account is opened, h. An undertaking to the effect that the PO is eligible to avail of the General Permission showing the reason thereof. I am lucky to have met a noble person like you through Email contact. Once again thank you and your team. I thank you and all who made continuous efforts in pursuing my case. Best Wishes to you. This was duly appreciated and was very useful. But, I am yet to come across someone who has all of these together at levels that you have displayed. Your employer must be really proud of you. By an NRI "Thank you for your amazing service. Kudos to your company for the culture that encourages such professionalism"..

### 4: Home Page of Central Board of Indirect Taxes and Customs

*Service tax is payable by the provider of the service to the Government of India, but the service provider can also collect this tax from the consumer of service i.e. the recipient of service and deposit it with the Government.*

December 23, When can service tax and VAT be levied on purchase of property As the entire value mentioned in the agreement cannot be treated as a work contract or services provided by the builder, therefore, VAT and service tax cannot be levied on the entire amount. We explain when the service tax and VAT can be levied Service tax and VAT are applicable, only on properties that are booked at under-construction stages. So, both these taxes cannot be levied on properties that are purchased, after the builder has obtained its completion certificate. Similarly, there is no service tax or VAT for completed properties that are purchased under resale. The first part is the cost of the land, on which neither VAT nor service tax is applicable. The second part is the cost of materials. The third part is the cost of construction, which largely involves labour charges and can be treated as a service that is rendered by the builder to the purchaser. Therefore, service tax can be levied on this component. Basis of computation As the entire value mentioned in the agreement cannot be treated as a work contract or services provided by the builder, therefore, VAT and service tax cannot be levied on the entire value of the agreement. If separate records are maintained, for material and labour charges, the tax at applicable rates can be paid. However, as it is not easy to maintain separate records, the rules provide a rational basis to calculate these taxes. Hence, the levy of service tax effectively comes to 4. In addition to the cost of construction, service tax is also applicable on the entire value of other services, such as the provision of the garage, premium for higher floors, etc. Who is liable to pay these taxes? Although it is the responsibility of the builder to deposit the VAT and service tax with the government, builders often recover the cost from buyers. It ultimately depends on what the agreement between builder and the buyer provides. If you wish to avoid paying VAT and service tax, please ensure that the same is mentioned in your agreement with the builder. Exemption Service tax is not applicable on the construction of a single residential unit i.e. i. Moreover, there is no service tax on the affordable housing segment. Hence, it is not applicable for housing with a carpet area of up to 60 sq metres per house in the housing complex. Impact of a recent Delhi High Court judgement The Delhi High Court, in a judgement delivered on June 3, , held that the levy of service tax on construction contracts where land is also being transferred is not valid, in view of some technical infirmities in the law. The government is expected to move to the Supreme Court, as well as correct the legislative infirmity, so as to ensure that the service tax levy stays. As of now, the law as declared by the Delhi High Court, is that the builders cannot levy service tax on under-construction property with the transfer of land.

### 5: Taxation Projects Reports | Project Reports on Taxation

*Service Tax in India. A Handbook. 3. Preface. Service Tax Handbook. Service tax has assumed significance in recent years as one of the major contributors to the.*

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gst. In , the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. With the consequential dissolution of the 15th Lok Sabha , the GST Bill “ approved by the standing committee for reintroduction “ lapsed. However, the Opposition, led by the Congress, demanded that the GST Bill be again sent back for review to the Select Committee of the Rajya Sabha due to disagreements on several statements in the Bill relating to taxation. Finally in August , the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the Constitution amendment Bill and the President Pranab Mukherjee gave his assent to it. There was to be no GST on the sale and purchase of securities. The launch was marked by a historic midnight “ 1 July session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata , it was boycotted by the opposition due to the predicted problems that it was bound to lead for the middle and lower class Indians. The parties reported that they found virtually no difference between the GST and the existing taxation system, claiming that the government was trying to merely rebrand the current taxation system. IGST complicates tax collection for State Governments by disabling them from collecting the tax owed to them directly from the Central Government. Under the previous system, a state would only have to deal with a single government in order to collect tax revenue. The central government had assured states of compensation for any revenue loss incurred by them from the date of GST for a period of five years. However, no concrete laws have yet been made to support such action. It was made mandatory for inter-state transport of goods from 1 June It is required to be generated for every inter-state movement of goods beyond 10 kilometres 6. The states are divided into four zones for rolling out in phases by end of April The mechanism is aimed at plugging loopholes like overloading, understating etc. Each e-way bill has to be matched with a GST invoice. The official Android mobile app can be used for generating an e-way bill, with powerful features for easy generation and for maintaining records. The e-way bill can also be generated or cancelled through an SMS. All states are mandated to introduce it by May 30, The receiver of the goods is eligible for Input Tax Credit , while the unregistered dealer is not. Goods kept outside the GST[ edit ] Alcohol for human consumption. Petrol and petroleum products GST will apply at a later date viz. The portal is accessible to the Tax authorities for tracking down every transaction, while taxpayers have the ability of connect for their tax returns.

### 6: SERVICE TAX ON CONSTRUCTION SERVICES: CLARIFICATIONS | SIMPLE TAX INDIA

*A Project Office (PO) means a place of business established to represent the interests of a foreign company executing a project in India. Such offices are prohibited from undertaking or carrying on any activity other than the activity relating to the execution of the project for which such office is established.*

This law will replace all indirect taxes levied on goods and services by the central government and state government and implement GST by April. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India. With more than countries now adopting some form of GST, India has long been a stand-out exception. GST is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum. The following are the salient features of the proposed GST system: The power to make laws in respect of supplies in the course of inter-state trade or commerce will remain with the central government. The states will have the right to levy GST on intrastate transactions, including on services. Members of GST Council will comprise central and state ministers in charge of the finance portfolio. The threshold for levy of GST is a turnover of Rs. For a taxpayer who conducts business in a northeastern state of India the threshold is Rs. The central government will levy IGST on inter-state supply of goods and services. Import of goods will be subject to basic customs duty and IGST. GST is defined as any tax on supply of goods and services other than on alcohol for human consumption. Central taxes such as central excise duty, additional excise duty, service tax, additional custom duty and special additional duty, as well as state-level taxes such as VAT or sales tax, central sales tax, entertainment tax, entry tax, purchase tax, luxury tax and octroi will be subsumed in GST. Entertainment tax, imposed by states on movies, theatre, etc. Stamp duties, typically imposed on legal agreements by states, will continue to be levied. The key benefits associated with GST are: Offers a wider tax base, necessary for lowering tax rates and eliminating classification disputes Eliminates the multiplicity of taxes and their cascading effects Rationalizes the tax structure and simplifies compliance procedures Automates compliance procedures to reduce errors and increase efficiency GST would be levied on the basis of the destination principle. Exports would be zero-rated, and imports would attract tax in the same manner as domestic goods and services. The revenue from this tax is to be assigned to the origin states. This tax is proposed to be levied for the first two years or a longer period, as recommended by the GST Council. With GST, it is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. GST would bring in a modern tax system to ensure efficient and effective tax administration. It will bring in greater transparency and strengthen monitoring, thus making tax evasion difficult. While the process of implementation of GST unfolds in the next few months, it is important for industry to understand the impact and opportunities offered by this reform. GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales and pricing.

### 7: A project report on Service Tax - Enroll My Experience

*Service Tax is levied by the Central Govt and therefore Service Tax on Construction is levied in all states. About the Author Karan Batra Karan is CA by Qualification with the rare distinction of being awarded All India Rank*

Vat was introduced into the Indian taxation system from 1 April. Vat is a significant improvement over the local sales tax system. At the state level the advantage of vat is that it is a multi-point tax with set-off for tax paid on purchases and it prevents repeated taxation of the same product. Despite the success of vat there are still certain limitations in the structure of vat both at the central and at the state level. To solve the issues untouched by vat the then Finance minister Pranab Mukherjee while presenting the budget on July 6, , said that GST would come into effect from April. The goods and services Tax GST will indeed be a further significant improvement towards a comprehensive indirect tax reforms in the country. Integration of goods and services taxation would give India a world class tax system and improve tax collections. It would end distortions of differential treatments of manufacturing and service sector. It will lead to the abolition of taxes such as octroi, central sales tax, state level sales tax, entry tax, stamp duty, telecom license fees, turnover tax, tax on consumption or sale of electricity, etc. GST is expected to create a business friendly environment, as price levels and hence inflation rates would come down overtime as a uniform tax rate is applied. Vinod Rai in his inaugural address to the National Conference on GST put forth the concept as "An integrated scheme of taxation that does not discriminate between goods and services and is a part of the proposed tax reforms that centre on evolving an efficient and harmonized consumption tax system in the country. Value added tax, Goods and service tax, Indian taxation, Economy, Introduction Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. It is the tax paid by the producers, manufacturers, retailers or any other dealer who add value to the goods and that is ultimately passed on to the consumer. VAT has been introduced in India to ensure a fair and uniform system of taxation. VAT enhances competitiveness by removing the cascading effect of taxes on goods and makes the levy of tax simple and self-regulatory, ensuring flexibility to generate large revenues. The cascading effect is brought about by the existing structure of taxation where inputs are taxed before a commodity is produced and the output is taxed after it is produced. However, in VAT, a set-off is given for input tax tax paid on purchases. This results in the overall tax burden being rationalized and a fall in prices of goods. VAT makes the tax structure simple, hassle-free and export-oriented. The integration of VAT with Tally will help you in the smooth functioning of your business and eliminate the complications that might otherwise arise in VAT. The amendment allows for the introduction of a goods and services tax. If Vat is a significant improvement over the local sales tax system, then the Goods and Services Tax will be a major breakthrough towards a comprehensive indirect tax reform in the country. The GST at the Central and at the State level will thus give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, inclusion of several taxes in the GST and phasing out of CST. What is the GST? GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services at national level. The GST is expected to replace all the indirect taxes in India. How will it work in India? Here, set-off is available in respect of taxes paid in the previous level against the GST charged at the time of sale. The GST model has some aspects which are as follows: Rates charged across all states and the central level will be uniform along with the regulations, definitions and classifications Applicability: GST will be applicable to all Goods and Services sold or provided in India, except from the list of exempted goods which fall outside its purview. GST will be charged and paid separately in case of Central and State level. What are the key problems in the current taxation system for goods and services in India that the proposed GST plans to improve upon? The key problems in the current taxation system in India can be categorized into: Taxation at Manufacturing Level i. CENVAT is levied on goods manufactured or produced in India which gives rise to definitional issues as to what constitutes manufacturing, and valuation issues for determining the value on which the tax is to be levied

which through judicial proceedings has been observed to be a severe impediment to an efficient and neutral application of tax. Exclusion of Services from state taxation has posed difficulties in taxation of goods supplied as part of a composite works contract involving a supply of both goods and services, and under leasing contracts, which entail a transfer of the right to use goods without any transfer of their ownership. Though these problems have been addressed by amending the Constitution to bring such transactions within the purview of the State taxation, services per se remain outside the scope of state taxation powers. Similarly, under the State VAT, no credits are allowed for the inputs of the exempt sectors, which include the entire service sector, real property sector, agriculture, oil and gas production and mining. Another major contributing factor to tax cascading is the Central Sales Tax CST on inter-state sales, collected by the origin state and for which no credit is allowed by any level of government. Complexity - In spite of the improvements made in the tax design and administration over the past few years, the systems at both central and state levels remain complex. Their administration leaves a lot to be desired. They are subject to disputes and court challenges, and the process for resolution of disputes is slow and expensive. At the same time, the systems suffer from substantial compliance gaps, except in the highly organized sectors of the economy. If yes, what would be its benefits over the current system? The implication of GST assures a single taxation system in the entire country for all goods and services making tax compliance easier and more effective. Exports are expected to increase by between 3. Reducing production costs will make exporters more competitive. To The Exporters - The subsuming of major Central and State taxes in GST, complete and comprehensive setoff of input goods and services and phasing out of Central Sales Tax CST would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. To Industry - Manufacturing sector in India is one of the highly taxed sectors in the world. A complex and high taxation structure has the tendency to render products uncompetitive in the international market or consume large portions of the cost arbitrage available in manufacturing set-ups in low cost economies such as India. This would translate into enhanced economic welfare and returns to the factors of production, viz. Another positive aspect of this proposal is that it is aimed at equitable division of tax burden between the manufacturing and services. It will provide a tremendous stimulus and can solve several issues like inflation and fiscal deficit" - Mr. GST was proposed to be introduced in India with effect from April 1, However, on account of a difference of opinion amongst states, political compulsions, and insistence of many states on commitment of the government to compensate for revenue loss and coverage of specified products like petroleum, liquor, etc, GST could not be implemented even after extending the deadline. As per latest reports it will be implemented only by Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This results in loss of income and welfare of the affected economy. The ongoing tax reforms on moving to a goods and services tax would impact the national economy, International trade, firms and the consumers. There has been a good deal of criticism as well as appraisal of the proposed Goods and Services Tax regime. It is considered to be a major improvement over the pre-existing central excise duty at the national level and the sales tax system at the state level, the new tax will be a further significant breakthrough and the next logical step towards a comprehensive indirect tax reform in the country. GST is not simply VAT plus service tax, but a major improvement over the previous system of VAT and disjointed services tax " a justified step forward. India is a federal republic, and the GST will thus be implemented concurrently by the central and state governments as the Central GST and the State GST respectively and it appears that there will be different rates of taxes. However a single rate would help maintain simplicity and transparency by treating all goods. International Research Journal of Commerce Arts and Science <http://> This will reduce litigation on classification issues. With regard to exports the tax to be levied under the destination principle, i. It is also expected that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government.

### 8: How To Calculate VAT And Service Tax On Property

*8 lakh Rate of tax 16 (in percent) output tax to be paid (Rs in lakhs) From the above illustration it can be seen that the manufacturer and the trader gets credit of the tax paid on good and services and had to pay tax on value added only.8 lakh.2 lakh Suppose trader use services amounting to Rs 5 lakh paying service tax at rate of*

### 9: Service Tax - Wikipedia

*EY has subject matter experts in goods and service tax, accounting, supply chain, project management, and IT across sectors providing thought leadership and advice on GST best practices.*

*Inorganic Mercury (1160118) Norse mythology short stories Saratoga, by E. H. Walworth Technology matters On West Highland Lines Ssb exam model question paper Independence day of all countries Quantifying the impact of technical barriers to trade Introduction to the ITIL Service Lifecycle (ITIL Version 3) Get/job in 60 Second Builders of the Canadian Commonwealth. Epic mickey 2 graphic novel Management information system test bank Luminious harmony Peter stiling ecology theories and applications Statistics for Business and Economics, Revised (with Student CD-ROM) Novel burlian tere liye Gulbuddin Hekmatyar Executive summary google hangout application 7. Reflections on / Security in the Gulf What is a service provider? Crystal set dreams Crystal structure analysis principles and practice Next, the coming era in science I, microbiologist Engineering mechanics statics and dynamics solutions Practical fire precautions Princess who didnt want to marry Aladdin Integrative Management Why literature is bad for you The peaceable kitchen cookbook Jan Fabre, Artist: Textbook of practical analytical chemistry Reading, Book Two (Gifted Talented) Home care definitions and abbreviations Babe a Pig in the City Becoming someplace special The Heart And The Life Pamphlet Digital Photography Expert: Portrait Photography*