

Service tax rate goes up from 14% to 14.5% w.e.f 15th Nov 2015 vide notification 22/2015 ST dated 6-11-2015. The government has decided to impose, a Swachh Bharat Cess at the rate of 0.5 per cent on all services, which are presently liable to service tax. The additional cess would be over and above the 14 per cent Service Tax rate which is already being levied and may yield the government an additional about Rs 400 crore during the remainder of the current fiscal.

Finance minister Arun Jaitley had in Budget 2015-16 proposed to levy a Swachh Bharat cess of up to 2 per cent “on all or certain services, if need arises”.

Swachh Bharat is among the major initiatives of the Modi government, which has embarked on a major drive to ensure cleanliness across the country.

### **Impact on additional Swachh Bharat Cess @ 0.5%**

- Effective rate of service tax post introduction of SBC would be 14.5%
- Swachh Bharat Cess would be applicable on all taxable services including reverse charge.
- Swachh Bharat Cess would be levied, charged, collected and paid to government independent of service tax. This needs to be charged and paid separately on the invoice and accounted separately in the books of account
- As there is no amendment in the Cenvat Credit Rules, 2004 regarding availment and utilisation of swachh Bharat Cess credit would not be admissible.
- Swachh Bharat Cess is levied under chapter VI of the Finance Act, 1994 and is applicable only on provision of service. There is no imposition of swachh Bharat cess on the goods manufactured.
- Air travel, mobile telephone services, bills, eating in restaurants and other services will become costlier from 15 November.

## **GOVERNMENT OF INDIA**

### **MINISTRY OF FINANCE**

#### **(DEPARTMENT OF REVENUE)**

New Delhi, the 6<sup>th</sup> November, 2015

### **Notification No. 22/2015-Service Tax**

**G.S.R. —(E).**- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) read with sub-section (5) of section 119 of the Finance Act, 2015 (20 of 2015), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts all taxable services from payment of such amount of the Swachh Bharat Cess leviable under sub-section (2) of section 119 of the said Act, which is in excess of Swachh Bharat Cess calculated at the rate of 0.5 percent. of the value of taxable services:

Provided that Swachh Bharat Cess shall not be leviable on services which are exempt from service tax by a notification issued under sub-section (1) of section 93 of the Finance Act, 1994 or otherwise not leviable to service tax under section 66B of the Finance Act, 1994.

This notification shall come into force from the 15<sup>th</sup> day of November, 2015.

[F.No. 354/129/2015 – TRU]

**(K. Kalimuthu)**  
**Under Secretary to the Government of India**