

**INDIAN INSTITUTE OF TECHNOLOGY KANPUR
FINANCE OFFICER'S OFFICE**

IITK/A-36/LC-10
February 23, 2015

Subject: Applicability of Service Tax on the Concept of Reverse Charge Mechanism

This has reference to the above subject, where the Institute has to deduct and deposit the service tax on the concept of "Reverse Charge Mechanism", vide provision of Section 68(2) and Section 66B along with Notification No. 30/2012-ST dated 20.06.2012, on the following services:

- (a) Legal Services from Individual Advocate or Firm of Advocates
- (b) Support Services from Government or Local Authority
- (c) Service of Renting of Motor Vehicle
- (d) Service of Supply of Manpower
- (e) Work Contract Services
- (f) Services from any person who is located in non taxable territory

The summary of the above notification is as under:

DESCRIPTION OF TAXABLE SERVICE	SERVICE TAX PAYABLE BY PERSON PROVIDING SERVICES	SERVICE TAX PAYABLE BY PERSON RECEIVING SERVICES	REMARKS OF INSTITUTE'S CONSULTANT ON THIS MATTER
Legal Services from Individual Advocates or Firm of Advocates	NIL	100%	No service tax is deductible by IITK if service provider is either a Private / Public Limited Company.
Support Services from Government or Local Authority	NIL	100%	In our opinion IITK is neither taking any such support services from Government or Local Authority or any payment is being made.
Service of Renting of Motor Vehicle	NIL	100%	Since transportation of students and faculties are exempt from service tax in case of IITK, this is only applicable in case of services taken for outside parties, if any.
Service of supply of Manpower	25%	75%	No service tax is deductible by IITK if service provider is either a Private / Public Limited Company.


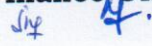
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Work Contract Services	50%	50%	Work Contract Services means work contract which is along with materials. If work contract is for services only IITK is not liable to deduct Service Tax. Moreover, no service tax is deductible by IITK if service provider is either a Private / Public Limited Company.
Services from any person who is located in non taxable territory	NIL	100%	In our opinion IITK is neither taking any such support services from Government or Local Authority or any payment is being made.

2. In view of the above, the Institute will recover service tax based on reverse charge mechanism and deposit the same with the service tax department for all bills paid till issue of this order. The service providers will be issued a certificate against which they may settle their service tax liability or claim refund, as applicable, with / from the Service Tax department.

3. Any bill(s) submitted by service providers for payment from the date of issue of this order will be processed and paid in line with the above mentioned notification.

4. This is issued with the approval of the Director.


 23/2/15
Munish Malik
Finance Officer


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