

## Service Tax ST-3 Returns April-September 2016

### New Features

Please refer to the Notified ST-3 form as updated through notification no.43/2016 dated 28<sup>th</sup> September, 2016.

The following changes have been made in the XLS offline utility for the ST3 return period April-September 2016-2017. If the changes made in online differ, the same is mentioned at the respective places:

1. **Financial Year (A4):** is provided with a drop down value instead of entering the same. System will auto-populate the financial year as 2016-2017 and the return period as April-September.
2. **Constitution (A8):**  
**Offline utility:** One Person Company has been provided in the list of Constitution. If the Constitution, "Proprietorship/ Individual / One Person Company' is selected, system will ask for confirmation of the selection. Once confirmed by clicking on YES button, system will ask if the user is filing the return as/for a One Person Company whose aggregate value of taxable services during the previous year is > (greater than) 50 lakhs. If YES is clicked, system will display the ST3 return in monthly format and if NO is clicked, system will display the return in quarterly format.  
**Online filing:** If the Constitution of the assessee as per the registered database is 'Others', system will ask if the user is filing the return as/for a One Person Company whose aggregate value of taxable services during the previous year is <= (less than or equal to) 50 lakhs. If YES is clicked, system will display the ST3 return in quarterly format and if NO is clicked, system will display the return in monthly format.
3. **Advalorem & Specific rate (B1.15 / B1.16 / B2.15 / B2.16):**  
**Offline utility:** Tax rate, Swachh Bharat Cess (SBC) rate, Krishi Kalyan Cess (KKC) rate, Education Cess (EC) rate and Secondary Higher Education Cess (SHEC) rate are provided under drop down for selection. System will also allow entering the tax rate provided in the drop-down instead of selection. If any other tax/cess rate is entered, system will alert the user to correct the rate.

As Krishi Kalyan Cess is payable from 1<sup>st</sup> June, 2016, for the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> May, 2016, Krishi Kalyan Cess rate will be 0 and from 1.6.2016 onwards, Krishi Kalyan Cess will be payable @ 0.5%. To enable the assessee to easily enter the taxable value, two default rows have been provided in B1.15 in the offline utility as below

	ST	SBC	KKC	EC	SHEC
Row 1:	14	0.5	0	0	0
Row 2:	14	0.5	0.5	0	0

Assesseees can enter the taxable value as below:

**Monthly Format:**

**1<sup>st</sup> Row:** Taxable value for April and May months can be filled. Taxable value for June, July, August & September months can be entered as '0'.

**2<sup>nd</sup> Row:** Taxable value for April and May months can be entered as '0'. Taxable value for June, July, August & September can be filled.

**Quarterly Format:**

**1<sup>st</sup> Row:** Taxable value for April and May months can be filled in the 1<sup>st</sup> Quarter. Taxable value can be entered as '0' in the 2<sup>nd</sup> Quarter.

**2<sup>nd</sup> Row:** Taxable value for June can be filled in 1<sup>st</sup> Quarter and taxable value for July, August and September in the 2<sup>nd</sup> Quarter.

If the assessee has paid tax at the composition advalorem rate, as provided in Rule 6 of Service Tax Rules, they can change the default tax rate populated by the system or if they are paying only specific rate for the service (like lottery etc.), they can enter the applicable tax rates in B1.16.

**Online filing:** Tax and Cess rates are auto-populated in the same manner as mentioned for Row 1 and Row 2 above. The rates are not provided as drop-down values as in Offline utility but can be modified, if need be. If any incorrect tax/cess rate is entered, system will alert the user to correct the rate.

If an incorrect Cess rate is selected for a Tax rate, system will display a message for the user to correct the error. This is done to avoid rejection of the XML uploaded due to incorrect tax/cess rates.

**Note:**

Even if Abatement is availed or a service has a composition rate (which is different from the standard rate of tax) or a specific rate, the Tax and Cess rates have to be selected as per the law/rules and not the effective rate. Abatement % should not be applied on the tax/cess rates. It should be applied on the taxable value only.

For example,

- (a) An assessee has provided Banking and financial Service and paid service tax at the composition rate of 0.07%. If the taxable value is 100000, then he has to enter the tax and cess as below:

Gross Amount (B1.1)	100000
NET TAXABLE VALUE (B1.14)	100000 (auto-calculated by the system)

Service Tax rate : 0.14 Swachh Bharat Cess: 0.5 Krishi Kalyan Cess rate: 0.5.

Service tax payable	140
Swachh Bharat Cess payable	5
Krishi Kalyan Cess payable	5 (all auto-calculated by the system)

- (b) if an assessee has provided Rent-a-cab scheme operator service and is required to pay tax/cess @ 40% of the taxable value as per notification 26/2012 sl.no.9. If the taxable value is 100000, then, the assessee has to select the abatement notification in A12 and enter in the ST3 as below:

Gross Amount (B1.1)	100000
Amount claimed as abatement (B1.11)	60000 (abatement allowed)
NET TAXABLE VALUE (B1.14)	40000 (auto-calculated by the system)

Service Tax rate : 0.14 Swachh Bharat Cess: 0.5 Krishi Kalyan Cess rate: 0.5.

Service tax payable	5600
Swachh Bharat Cess payable	200
Krishi Kalyan Cess payable	200 (all auto-calculated by the system)

System will automatically calculate the Service Tax payable, Swachh Bharat Cess payable and Krishi Kalyan Cess payable. If the assessee wants to make changes in the tax/cess payable, he can do so. System will give an alert to the assessee, before filing of the return, to the effect that the tax/cess payable as calculated by the system and as entered by the assessee are different. In case, the assessee wishes to correct the same, he can do so. If the assessee feels what he entered is correct, he can still ignore the alert message and proceed with the filing of return.

- 4. KKC Payable (B1.25 to B1.27 & B2.25 to B2.27):** The KKC payable will be automatically calculated by the system and populated under the respective month/quarter for Advalorem table in B1.25 and for specific table in B1.26 with the total in B1.27. Similar provision has been made for Receiver section too in B2.25 to B2.27.
- 5. Advance payment of KKC (C1.2):** Advance payment of KKC can be entered in C1.2.

6. **Adjustment of SBC under Rule 6(4C) (DA4.1):** Adjustment of excess amount of SBC paid under Rule 6(4C) of Service Tax Rules, 1944 can be entered in DA4.1.
7. **KKC paid in Cash and through Cenvat credit (Part-DB):** KKC paid by way of cash, cenvat credit or by adjustments of KKC paid under Rule 6(1A), 6(3), 6(4A), 6(4C) and Book adjustments can be entered from DB1 to DB7.
8. **Arrears, Interest, Penalty of KKC (G17 to G20):** Arrears of KKC paid by cash, Arrears of KKC paid by Cenvat credit, Interest paid and Penalty paid for KKC can be entered in G17 to G20.
9. **Source Document Details for SBC/KKC payments in advance/adjustments (H2):** Source Documents details of SBC paid entered in DA4.1, KKC paid entered in DB3 to DB7, arrears, interest and penalty of KKC paid entered in G17 to G20 have to entered in H2 section for the corresponding month/quarter entry in DA/DB/G section.
10. **CENVAT Credit details (I.1 & I.1.4):** I 1.1 section has been modified with reference to the changes made in Rule 6(3)(b)(ii) and Rule 6(3A) of CENVAT Credit Rules, 2004. KKC credit taken and utilized can be entered in I.1.4 section.
11. **Credit details of Input Service Distributor (Part-J):** Entry provided earlier to enter ineligible credit for distribution has been omitted in view of the changes in Rule 6 of CENVAT credit Rules, 2004.

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