

# SERVICE TAX

## Swachh Bharat Cess

## OPTIMETZ ADVISORY

1. Swachh Bharat Cess is levied and collected in accordance with the provisions of Chapter VI of the Finance Act, 2015.
2. Swachh Bharat Cess shall be effective from 15<sup>th</sup> November 2015 (notification number 21/2015 dt 06/11/2015).
3. The rate of Swachh Bharat Cess would be 0.5%. The same shall be calculated on the taxable value. (In the same manner as service tax)
4. The provisions of exemption, abatement, Negative list & Reverse charge shall be applicable mutatis mutandis.
5. A separate mention of Swachh Bharat Cess in the invoice is required.
6. No Cenvat Credit of such Cess is allowed.
7. Swachh Bharat Cess cannot be adjusted through available Cenvat Credit, the same needs to be paid by cash.

### 8. Accounting code

Swachh Bharat Cess	Tax Collection	Other Receipts	Penalties
4400506	441493	441494	441496
The above accounting code once notified, the payment of Swachh Bharat Cess shall be made against the code.			

9. The applicability of service tax in terms of Rule 5 of Point of Taxation Rules, 2011 on account of increase in rate of service tax is summarized below:

**For New Levy - Swachh Bharat Cess**

1. In case where payment has been received and invoice is raised before the service becomes taxable i.e prior to 15th November - Rate of Service Tax 14%
2. In case payment has been received before the service becomes taxable I,e before 15th November 2015 and invoice is raised within 14 days I,e 29th November - Rate of Service Tax 14%
3. In all other case - The rate of Service Tax shall be 14.50%

Completion of Services	Payment Received	Date of Invoice	Rate of Service tax
Before 15th November	Before 15th November	Before 15th November	14.00%
Before 15th November	Before 15th November	Upto 29th November	14.00%
Before 15th November	Before 15th November	After 29th November	14.50%
Before 15th November	After 15th November	Upto 29th November	14.50%
Before 15th November	After 15th November	After 29th November	14.50%
After 15th November	Before 15th November	Before 15th November	14.00%
After 15th November	Before 15th November	Upto 29th November	14.00%
After 15th November	Before 15th November	After 29th November	14.50%
After 15th November	After 15th November	Upto 29th November	14.50%
After 15th November	After 15th November	After 29th November	14.50%

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