FM Circular No. 7 of 2015

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.TC-II/2046/2012/3/Service Tax
New Delhi, dated 02.03.2015

The General Managers,
All Zonal Railways,

SUB: Levy of service tax on transport of parcel traffic (leased or non-leased parcel traffic) by rail.


3. Ministry of Finance Notification No. 6 of 2015-Service Tax dated 01.03.2015.

1. Ministry of Finance vide its “Notification No. 3 of 2013-Service Tax” dated 01.03.2013 has removed exemption for certain commodities. Accordingly, instructions were issued.

2. Further, Ministry of Finance vide its notification no. 6 of 2015-service tax dated 01.03.2015, it has been notified that “Food stuff including flours, tea, coffee, jiggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages” should be substituted as under:— “Milk, salt and food grain including flours, pulses and rice.”

3. In view of above, Finance Notification No. 6 of 2015, commodities exempted from payment of service tax shall be as under:-

(a) Agricultural produce;
(b) Relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
(c) Defence or Military equipments;
(d) Milk, salt and food grain including flours, pulses and rice
(e) Newspaper or magazines registered with the Registrar of Newspapers;
(f) Railway equipments or materials;

The changes as per para 3 above shall be implemented w.e.f 01.04.2015.

4. Further, it has been proposed by Ministry of Finance that the service tax rate shall be increased from 12% plus Education Cesses to 14%. The ‘Education Cess’ and ‘secondary and Higher Education Cess’ shall be subsumed in the new service tax rate. Accordingly, it is propose to modify para 3.0 & 4.0 of Freight Marketing Circular no. 21 of 2012 as under:-

PC-1 Parcel Service Tax

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“Service tax of 14% shall be charged on 30% of freight equivalent to 4.2% on the total freight. Therefore service tax chargeable shall be 4.2% of the total freight.”

Further, it has been proposed by Ministry of Finance to levy Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. If Railway is included in the list for Swachh Bharat Cess the same will also be notified to Railways.

5. This is advance notification to Railways. Exact date for implementation of para-4 above shall be notified subsequently.

Ensure action accordingly and confirm.

(Rita Raj)
Director Freight Marketing
Railway Board.

No.TC-II/2046/2012/3/Service Tax
New Delhi, dated 03.03.2015

Copy forwarded for information to:
1. The Dy. Comptroller & Auditor General of India (Railways), Room No.224, Rail Bhavan, New Delhi.
2. The FA&CAOs, All Indian Railways.
3. The Principal Director of Audit, all Indian Railways.

(H. C. Dubey)
for Financial Commissioner/Railways.

No.TC-II/2046/2012/3/Service Tax
New Delhi, dated 03.03.2015

Copy forwarded for information to:
(i) CCMs, all Indian Railways.
(ii) CCMs(FM), all Indian Railways.
(iii) General Secretary, IRCA, New Delhi.
(iv) Managing Director/CRIS, Chanakyapuri, New Delhi to incorporate necessary changes in the software.
(v) General Manager, Metro Railway, Kolkata.

(Rita Raj)
Director Freight Marketing
Railway Board.