

JVR – Culture & Focus

JVR is a firm with an academic culture. It provides a healthy platform for learning and development, keeping in mind the “CA Student Vision” of ICAI, as given below:

'To be among the keenest students of chartered accountancy anywhere in the world, in order to help Indian firms, companies and organisations leapfrog into the 21st century with the highest standards of accountancy, audit, financial management, related services and corporate governance.'

Students are expected to reciprocate in the spirit of ICAI's "Articles Charter", as given below:

a) I will at all times diligently and faithfully serve my Employer as his Articled Assistant in the Practice of the Profession of Accountancy.

b) I will readily and cheerfully obey and execute the lawful and reasonable commands of the Employer and will not depart or absent myself from the service of the Employer at any time without his consent. I will at all times act with due diligence, honesty and propriety.

c) I will at all times keep the secrets of the Employer and his partner or partners and of his and their clients and employers and will not divulge the names and affairs of such clients and employers.

d) I will not destroy, cancel, obliterate, spoil, embezzle, spend make away with or take copies of books papers, plans, documents, monies, stamps or chattels of the Employer, his personal representatives or assigns or of his partners or of any of his clients or employers which shall come to my custody or possession or allow any of the said things so treated by others if I can by the exercise of reasonable care, prevent it.

Wow Dubai!!



In September 2012, I had the fortune of visiting Dubai for an overseas assignment of JVR, through Advantedge' Consulting, our associate firm. The assignment was challenging in terms of the MIS we developed for a client in the healthcare sector. I am proud that I could perform well in the assignment. Thanks to the kind of exposure and training we get at JVR. I could associate with a team of professionals for the successful completion of the assignment which was indeed a great learning experience.

Off work, I enjoyed 'Wonderful Dubai' by visiting Burj Khalifa, Burj Al Arab, Palm Jumeira, Atlantis, travelling on metro and a short trip to the desert. I was surprised to know that the Dubai Metro is the longest train in the world without a driver. Trying out different cuisines was my favorite pastime in Dubai. I could savour the tasty Arabian Cuisine comprising of hummous, Khuboos, Mandi, Laham Kabsa etc and also various other cuisines like Pakistani, Lebanese, Iranian, Italian and Philipino. Over the last week I wandered around the malls shopping, which Dubai is known for.

I am extremely fortunate to get an opportunity for visiting the 'Magnificent Dubai' – the City of Wonders, the Emirate that created palm on the sea, built the tallest building in the world, the seven star hotel and the largest shopping mall in the world - a desert turned paradise.

If not for JVR, Dubai would have remained a distant dream. Thanks to JVR for trusting me and giving me this great opportunity. To the students who ask about JVR all I say is DUBAICALLING.....



Quarterly Newsletter - 5

Echo

September 2012



Dear Colleagues,

Let me start by congratulating Team JVR for the exemplary efforts put in during the last two months, enabling the filing of all the Tax returns on time.

It was really nice we could wind up by 29th afternoon with a KFC lunch. As a token of gratitude to the team, we are planning a backwater cruise on the all new “Clove” a floating wonder recently launched by our client Spice routes.

October is the time for file assembly as mandated by SA 230, RoC filing as also the audit under KVAT Law. Be focused...

We will resume our weekly meetings soon. Speakers have been lined up with relevant topics which are of great importance from the exam point of view, as well. Please come up with PPTs and make use of our brand new LCD projector.

My good wishes to the students who are now preparing for the November, 2012 exams.

Let us work together to become bigger, better and bolder which would mean we have to grow, improve and innovate thus surfing the waves of change.

This issue covers Service Tax, JVR's focus and of course a glimpse of Dubai. Read on....

Yours in progress

Jomon K. George FCA
Managing Partner

Onam Celebration



RECENT CHANGES IN SERVICE TAX LEVY

Service tax is applicable for **ALL SERVICES** which comes under the definition of services except those mentioned the Negative List and specific exclusions.

The following services are specified as 'Declared Services':

1. Renting of immovable property
2. Construction of a complex, building, civil structure intended for sale to a buyer, except where the entire consideration is received after issuance of certificate of completion by a competent authority
3. Temporary transfer or permitting the use or enjoyment of any intellectual property right
4. Development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software
5. Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act
6. Transfer of goods by way of hiring, leasing, licensing or any such manner without transfer of right to use such goods
7. Activities in relation to delivery of goods on hire purchase or any system of payment by installments
8. Service portion in execution of a works contract
9. Service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as part of the activity.

Service Tax is not applicable for the following 'Negative List of Services':

1. Services provided by Government or Local Authority
2. Services provided by Reserve Bank of India
3. Services by a Foreign Diplomatic Mission Located in India
4. Services relating to Agriculture or Agriculture Produce
5. Trading of Goods
6. Process amounting to Manufacture or Production of Goods
7. Selling of Space or Time Slots for Advertisements other than Advertisements Broadcast by Radio or Television
8. Access to a Road or Bridge on payment of Toll charges
9. Betting, Gambling or Lottery
10. Entry to entertainment events and access to amusement facilities

11. Transmission or Distribution of Electricity
12. Specified services relating to Education
 - (i) Pre-school education and education up to higher secondary school or equivalent
 - (ii) Education as a part of a prescribed curriculum for obtaining a qualification recognized by any law for the time being in force
 - (iii) Education as a part of an approved vocational education course
13. Services by way of renting of residential dwelling for use as residence
14. Financial Sector
15. Service relating to transportation of passengers
16. Service relating to transportation of goods except the services of (i) a goods transport agency and (ii) a courier agency
17. Funeral, Burial, Crematorium or Mortuary services including transportation of the deceased

EXEMPTIONS UNDER SERVICE TAX

1. In case of *Small Service Provider*, exemption is provided for service providers who provide taxable services of a value not exceeding the specified limit (presently Rs.10 Lakhs) in the previous financial year and they are eligible for exemption in the current financial year for aggregate value up to Rs 10 Lakhs in terms of invoices issued/ to be issued for taxable services
2. Vide notification no.25/2012 - ST dated 20.06.2012, around 39 services are exempted

REVERSE CHARGE MECHANISM

The Service tax law recognizes the concept of "Service Provider" and "Service Receiver". Generally tax is to be paid by service provider, however in case of the provider of notified taxable services the service tax would be payable by the service recipient.

Service notified for the above are:

- (i) provided by an insurance agent to any person carrying on the insurance business
- (ii) provided by a goods transport agency in respect of transportation of goods by road
(The person who pays the freight shall be deemed to be the receiver of the service and is liable to pay the service tax)

- (iii) provided by way of sponsorship, to anybody corporate or partnership firm located in the taxable territory
- (iv) provided by an arbitral tribunal or an individual advocate or a firm of advocates or the support service provided by Government or local authority, to any business entity located in the taxable territory;
- (v) provided by a director of a company to the said company (Notification 45/2012- ST dated 7/8/2012);
- (vi) provided by way of renting or hiring any motor vehicle designed to carry passenger or supply of manpower for any purpose or security services (Notification 45/2012- ST dated 7/8/2012) or works contract

JOINT CHARGE MECHANISM

In case of the following notified taxable services, both the service provider and service receiver will be considered as persons liable to pay the tax on notified taxable services and to the extent specified against each one of them. The scheme is being introduced for three services where the service provider is either an individual or a firm or LLP and the recipient is a body corporate. The three services and the portion of tax payable are as follows:

Sl. No.	Description of service	Service recipient	Service provider
1	Works contract service	50%	50%
2	Hiring of a motor vehicle designed to carry passengers: (a) with abatement (b) without abatement	100% 40%	NIL 60%
3	Supply of manpower for any purpose or security	75%	25%

The service recipient would be liable to service tax on any taxable services provided by person located in a non-taxable territory and received by any person located in the taxable territory of India

PAYMENT OF SERVICE TAX

The service tax is required to be paid on monthly basis by all service taxpayers, other than individuals or proprietary /partnership concerns, who are required to pay service tax on quarterly basis.

Service tax liability for a particular month or quarter is to be deposited by the 5th day of the month following the month or quarter for which service tax is paid. However, for the month/quarter ending March, the payment is required to be made by the 31st March itself by all taxpayers.

For delay in payment of service tax which is due and payable, simple interest is charged at the rate of 18%

FILING OF PERIODICAL RETURNS

Every assessee is required to be file a service tax return on a half yearly basis, in Form ST-3. For the periods from April to September and October to March, it must be filed by the 25th October and the 25th April respectively. The Finance Act 2012 has proposed to introduce a new simplified one page common return with Central Excise to be called Excise and Service Tax Return (EST).

It has been made compulsory for all assessees to file service tax return electronically

Late fees in case of delay in filing of return

Delay in filing of return after due date	Late fees
First 15 days	Rs.500/-
More than 15 days but less than 30 days	Rs.1000/-
More than 30 days	Rs.1000/- + Rs.100/day beyond 30 days

Augustine Jose ACA
Partner