

ANALYSIS OF POINT OF TAXATION RULES, 2011 ALONGWITH SUITABLE EXAMPLES

As we all are aware that earlier service tax was payable on receipt of payment in respect of taxable services provided. But with the introduction of Point of taxation Rules, 2011, now service tax will be paid on accrual basis except in certain specified cases.

Point of Taxation Rules, 2011 (hereinafter referred to as the "said rules") has been made vide NN 18/2011 dated 01.03.2011 and on recommendations and suggestions of industry suitably amended by NN 25/2011 dated 31.03.2011, NN 28/2011 dated 01.04.2011 and NN 41/2011 dated 27.06.2011.

Date on which service tax to be deposited:

As per Rule 6 of Service Tax Rules, 1994

The service tax shall be paid to the credit of the Central Government,-

(i)

by the 6th day of the month, if the duty is deposited electronically through internet banking;

and

(ii) by the 5th day of the month, in any other case,

immediately following the calendar month or quarter, as the case may be, in which the **service is deemed to be provided.**

As per Rule 2 (e) of said rule

point of taxation" means the point in time when a service shall be deemed to have been provided.

Date from which Point of Taxation Rules is applicable:

These rules are come into force from 1st day of April, 2011 (rule1).

But the assessee has been given an option, under rule 9 of above said rules, to pay service tax on payment basis upto 30.06.2011.

Point of Taxation has been determined under the following rules:

Rule 3 Determination of Point of Taxation (Normal Provision)

Rule 4 Determination of Point of Taxation in case of change in tax rate

Rule 5 Payment of tax in case of new services

Rule 6 Determination of point of taxation in case of continuous supply of service.

Rule 7. Determination of point of taxation in case of export of services, reverse charge, associated enterprises etc.

Rule 8. Determination of point of taxation in case of copyrights, etc.

Now we will take the above rule one by one and analysis.

Rule 3 Determination of Point of Taxation (Normal Provision)

Provision as amended by NN 25/2011 dated 31.03.2011

3. Determination of point of taxation. - For the purposes of these rules, unless otherwise provided, 'point of taxation' shall be,-

(a) the time when the invoice for the service provided or to be provided is **issued:**

Provided that where the invoice is **not** issued within fourteen days of the completion of the provision of the service, the point of taxation shall be **date of such completion.**

(b) in a case, where the person providing the service, **receives** a payment before the time specified in clause (a), the time, when he receives such payment, to the extent of such payment.

Explanation .- For the purpose of this rule, wherever **any advance** by whatever name known, is received by the service provider towards the provision of taxable service, the point of taxation shall be the date of receipt of each such advance."

CLARIFICATION BY CIRCULAR NO JS TRU (II) DTD 31.03.11 (FILE NO 341/34/2010)

Rule 3 has been amended to provide that the point of taxation shall be as follows:

- (a) Date of invoice or payment, whichever is earlier, if the invoice is issued within the prescribed period of 14 days from the date of completion of the provision of service.
- (b) Date of completion of the provision of service or payment, if the invoice is not issued within the prescribed period as above.

The applicability of the rule will be clear from the illustrations in the following table:

No.	Date of completion of service	Date of invoice	Date on which payment recd.	Point of Taxation	Remarks
1.	April 10, 2011	April 20, 2011	April 30, 2011	April 20, 2011	Invoice issued in 14 days and before receipt of payment
2.	April 10, 2011	April 26, 2011	April 30, 2011	April 10, 2011	Invoice not issued within 14 days and payment received after completion of service
3.	April 10, 2011	April 20, 2011	April 15, 2011	April 15, 2011	Invoice issued in 14 days but payment received before invoice
4.	April 10, 2011	April 26, 2011	April 5, 2011 (part) and April 25, 2011 (remaining)	April 5, 2011 and April 10, 2011 for respective amounts	Invoice not issued in 14 days. Part payment before completion, remaining later

Analysis of Rule 3

Thus on the basis of above provision as per NN 25/2011 dated 31.03.2011 and CLARIFICATION BY CIRCULAR NO JS TRU (II) dated 31.03.11 (FILE NO 341/34/2010), it is concluded that point of taxation shall be determined as follow:

1.

Date of invoice or payment, whichever is earlier

(if the invoice is issued within the prescribed period of 14 days from the date of completion of the provision of service.)

2.

Date of completion of the provision of service or payment, whichever is earlier

(if the invoice is not issued within the prescribed period as above.)

3.

Date of receipt of advance payment

Thus, it is evident from the above analysis that even though Govt. is saying service tax will be charged on accrual basis but if the assessee received payment in advance then service tax liability will arise on payment basis and service will be deemed to have been provided on the date when advance payment received.

Rule 4 Determination of Point of Taxation in case of change in tax rate

Provision as per NN 18/2011 dtd 01.03.2011

Notwithstanding anything contained in rule 3, the point of taxation in cases where there is a change of rate of tax in respect of a service, shall be determined in the following manner, namely:-

(a) in case a taxable service has been provided **before** the change of rate,-

(i) where the invoice for the same has been issued and the payment received **after** the change of rate, the point of taxation shall be

date of payment or issuing of invoice, whichever is earlier;

or

(ii) where the invoice has also been issued **prior** to change in tax rate but the payment is received **after** the change of rate, the point of taxation shall be the

date of issuing of invoice;

or

(iii) where the payment is also received **before** the change of rate, but the invoice for the same has been issued **after** the change of rate, the point of taxation shall be the

date of payment;

(b) in case a taxable service has been provided **after** the change of rate,-

(i) where the payment for the invoice is also made **after** the change in tax rate but the invoice has been issued **prior** to the change of tax rate, the point of taxation shall be

the date of payment;

or

(ii) where the invoice has been issued and the payment for the invoice received **before** the change of tax rate, the point of taxation shall be

the date of receipt of payment or date of issuance of invoice,

whichever is earlier;

or

(iii) where the invoice has also been raised **after** the change of rate but the payment has been received **before** the change of rate, the point of taxation shall be

date of issuing of invoice.

Analysis of Rule 4

The applicability of the rule will be clear from the illustrations in the following table:

(a) in case a taxable service has been provided **before** the change of rate

S. No.	Date of completion of service	Date of invoice	Date on which payment recd.	Point of Taxation	Rate of tax as on 01.04.2011(Before provision of service)	Rate of tax as on
1.	April 10, 2011	April 20, 2011	April 30, 2011	April 20, 2011	10%	12% (15.04.2011)
2.	April 10, 2011	April 26, 2011	April 30, 2011	April 26, 2011	10%	12% (28.04.2011)
3.	April 10, 2011	April 30, 2011	April 15, 2011	April 15, 2011	10%	12% (28.04.2011)

(b) in case a taxable service has been provided **after** the change of rate

. No.	Date of completion of service	Date of invoice	Date on which payment recd.	Point of Taxation	Rate of tax before 09.04.2011	Rate of tax as on 09.04.2011
1.	April 10, 2011	April 05, 2011	April 15, 2011	April 15, 2011	10%	12%
2.	April 10, 2011	April 05, 2011	April 06, 2011	April 05, 2011	10%	12%
3.	April 10, 2011	April 20, 2011	April 05, 2011	April 20, 2011	10%	12%

Rule 4 overrides rule 3. Therefore, for the purpose of determination of point of taxation under rule 4 above it is immaterial whether invoice issued within 14 days under rule 4A of Service Tax Rules, 1994 or not. But it is advisable to the assessee in order to avoid penalty or prosecution proceeding for not issuing invoice within 14 days, assessee should issue the invoice within 14 days of completion of services.

According to me, in the above case rate of tax shall be taken of the date on which point of taxation is determined because taxable event under service tax act is providing of taxable services and point of taxation means the point in time when a service shall be deemed to have been provided.

Meaning of change of rate:

AMENDMENT BY NN 25 DTD 31.03.2011

In rule 4 of the said rules,-

- (i) for the words "change of rate", wherever they occur, the words "change in effective rate of tax" shall be substituted;
- (ii) for the words "change of rate of tax" or "change in tax rate" or "change of tax rate", respectively at both the places where they occur, the words "change in effective rate of tax" shall be substituted;
- (iii) after sub-clause (iii) of clause (b), the following *Explanation* shall be inserted, namely:-

"Explanation.- For the purposes of this rule, "change in effective rate of tax" shall **include** a change in the portion of value on which tax is payable in terms of a notification issued under the provisions of Finance Act, 1994 or rules made thereunder."*"*

CLARIFICATION BY CIRCULAR NO JS TRU (II) DTD 31.03.11 (FILE NO 341/34/2010)

Rule 4 has been amended to clarify that change in the effective rate of tax shall also include change in that portion of value on which tax is payable in terms of an exemption notification or rules made in this regard. It may be noted that an exemption has been granted in value for various services vide Notification No. 1/2006-ST dated 01.03.2006 which has the effect of payment of tax only on a part of the value. Similarly either the values or the rates at which tax is payable are provided under rule 6(7, 7A, 7B or 7C) of the Service Tax Rules, 1994 as well as the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007. Thus, whenever these values or the composition rates are changed, it would have the same effect as the change in the rate of duty. It is hereby further clarified that the rate of tax shall also include any other notification which is issued, rescinded or amended and has the effect of altering the taxability of any service.

Rule 5 Payment of tax in case of new services

Provision as per NN 18/2011 dated 01.03.2011

5. Payment of tax in cases of new services.- Where a service, **not being a service covered by rule 6**, is taxed for the first time, then, –

(a) no tax shall be payable to the extent the invoice has been issued and the payment received against such invoice before such service became taxable;

(b) no tax shall be payable if the payment has been received before the service becomes taxable and invoice has been issued within the period referred to in rule 4A of the Service Tax Rules, 1994.

ANALYSIS OF RULE 5

S. No.	Particulars	Rule 5 (a)	Rule 5 (b)
1	Example1	<p>a.) Invoice issued on 15.04.11 of ₹ 10,00,000/-</p> <p>b.) Payment received on 20.04.11 of ₹8,00,000/- and on 01.05.11 of ₹2,00,000/-</p> <p>c.) Service is first time become taxable on 30.04.11</p>	<p>a.) Invoice raised on 20.04.11</p> <p>b.) Payment received on 15.04.11</p> <p>c.) Completion of service is on 06.04.11</p> <p>d.) Service is first time become taxable on 16.04.11</p>
	Analysis	<p>i.) In the above case invoice has been issued on 15.04.11 and against the same ₹ 8 lac has been received before service first become taxable (i.e. on 30.04.11) therefore no service tax liability will arise on ` 8lac.</p> <p>ii) However, ₹ 2 lac has been received after service first become taxable (i.e. after 30.04.2011), therefore assessee has to deposit service tax on the same amount.</p>	<p>Here service tax is not payable because assessee has received payment before service become taxable and issued invoice within the time limit specified under Rule 4A of the Service Tax Rules, 1994</p>
	Conclusion	<p>In case of a service which is first time become taxable, assessee should make the necessary arrangement for the collection of invoice issued before the date service first time become taxable.</p>	<p>Under rule 5 (b), assessee should try to issue invoice within the time specified in above rule and collect the payment before service become taxable.</p>

Rule 6 Determination of point of taxation in case of continuous supply of service.

AMENDMENT BY NN 25 DATED 31.03.2011

For rule 6 of the said rules, the following rule shall be **substituted**, namely:-

“6. Determination of point of taxation in case of continuous supply of service.-Notwithstanding anything contained in rules 3,4 or 8, in case of continuous supply of service, the ‘point of taxation’ shall be,-

(a) the time when the invoice for the service provided or to be provided is **issued**:

Provided that where the invoice is **not issued within fourteen days** of the completion of the provision of the service, the point of taxation shall be **date of such completion**.

(b) in a case, where the person providing the service, receives a payment before the time specified in clause (a), the time, when he receives such payment, to the extent of such payment.

Explanation 1. – For the purpose of this rule, where the provision of the whole or part of the service is determined periodically on the **completion of an event** in terms of a contract, which requires the service receiver to make any payment to

service provider, the **date of completion of each such event** as specified in the contract shall be **deemed to be the date of completion of provision of service.**

Explanation 2. - For the purpose of this rule, wherever **any advance**, by whatever name known, is received by the service provider towards the provision of taxable service, the point of taxation shall be the **date of receipt of each such advance.**”.

Analysis of Rule 6

A. Thus on the basis of above provision as per NN 25/2011 dated 31.03.2011, it is concluded that point of taxation shall be determined as follow:

1. Date of invoice or payment, whichever is earlier
(if the invoice is issued within the prescribed period of 14 days from the date of completion of the provision of service.)
2. Date of completion of the provision of service or payment, whichever is earlier
(if the invoice is not issued within the prescribed period as above.)
3. Date of receipt of advance payment.

B. Analysis of Explanation 1 of Rule 6

Let's take an example, ABC Ltd is entered into a contract of material handling with XYZ Ltd of ₹1,00,00,000/- for handling of 10,000 MT material. As per contract agreement XYZ Ltd will make payment to ABC Ltd in the following manner:

S. No.	Completion of Activity	% of Payment	Amount (₹)
1	Mobilisation of Equipment Advance	10%	10,00,000
2	Completion of 20% work (2000 MT Material Handling)	10%	10,00,000
3	Completion of 50% work (5000 MT Material Handling)	20%	20,00,000
4	Completion of 80% work (8000 MT Material Handling)	30%	30,00,000
5	Completion of 100% work (10,000 MT Material Handling)	30%	30,00,000
	Total	100%	100,00,000

ABC Ltd has completed the above work as under:

S. No.	Activity	Completion Date	Payment Received on	Invoice Issued on
1	Mobilization of Equipment	31.07.2011	30.08.2011	12.08.2011
2	Completion of 20% work (2000 MT Material Handling)	31.08.2011	12.09.2011	14.09.2011

3	Completion of 50% work (5000 MT Material Handling)	30.09.2011	12.10.2011	16.10.2011
4	Completion of 80% work (8000 MT Material Handling)	31.10.2011	30.10.2011	14.11.2011
5	Completion of 100% work (10,000 MT Material Handling)	30.11.2011	25.12.2011	15.12.2011

In the above example point of taxation shall be determined as under:

S.No.	Completion Date	Payment Received on	Invoice Issued on	Point of Taxation	Due date for Deposit of Service Tax	Remarks
1.	31.07.2011	30.08.2011	12.08.2011	12.08.2011	05.09.2011 Or 06.09.2011 as the case may be	Invoice issued in 14 days and before receipt of payment
2.	31.08.2011	12.09.2011	14.09.2011	12.09.2011	05.10.2011 Or 06.10.2011 as the case may be	Invoice issued within 14 days and but payment received before issue of invoice
3.	30.09.2011	12.10.2011	16.10.2011	30.09.2011	05.10.2011 Or 06.10.2011 as the case may be	Invoice not issued in 14 days and payment received after completion of service
4.	31.10.2011	30.10.2011	14.11.2011	30.10.2011	05.11.2011 Or 06.11.2011 as the case may be	Invoice issued in 14 days but co received advance payment
5.	30.11.2011	25.12.2011	15.12.2011	30.11.2011	05.12.2011 Or 06.12.2011 as the case may be	Same as point no 3 above

Meaning of Continuous Supply of Service as per Rule 2 (c) of said rules:

“continuous supply of service” means

- (i) any service which is provided, or to be provided continuously, under a contract, for a period **exceeding three months,**
- or
- (ii) where the Central Government, by a notification in the Official Gazette, prescribes provision of a particular service to be a continuous supply of service, whether or not subject to any condition;

Under above rules, the Central Government, vide NN 28/2011 dated 01.04.2011, notifies the following services as continuous supply of service, for the purpose of the said rules:

- (i) Commercial or Industrial Construction Services [Section 65(105) (zzq)]
- (ii) Complex Construction Services [Section 65(105) (zzzh)]
- (iii) Telecommunication Services [Section 65(105) (zzzx)]
- (iv) Internet Telecommunication Services [Section

65(105)(zzzv]
(v) Services in Execution of Works Contract [Section
65(105)(zzzza)]

Therefore it is clear on the basis of above provision that in respect of services which has been notified by Central Govt. as continuous supply of service it is not necessary that these services provided or to be provided continuously for a period exceeding three months.

Clarification by Circular No. 144/13/ 2011 – ST dated 18.07.2011

Completion of service shall include not only the physical part of providing the service but also the completion of all other auxiliary activities that enable the service provider to be in a position to issue the invoice. Such auxiliary activities could include activities like measurement, quality testing etc which may be essential pre-requisites for identification of completion of service. The test for the determination whether a service has been completed would be the completion of all the related activities that place the service provider in a situation to be able to issue an invoice. However such activities do not include flimsy or irrelevant grounds for delay in issuance of invoice.

We can understand the clarification by circular No- 144/13/2011 dated 18.07.2011 with the help of following example:

ABC Ltd has entered into a contract of erection and commissioning of super thermal power plant with XYZ Ltd and as per contract agreement ABC Ltd will issue monthly invoices in respect of material physically erected by it during a particular month. But the invoice should be supported by measurement books in the prescribed format duly signed by the engineers of both the companies, quality certificate issued by the engineer of XYZ Ltd and other related documents as per agreement.

Now during the month Oct, 2011, ABC Ltd has erected 1000 MT material but measurement book, quality certificate and other related documents has been prepared and signed on 07.11.2011.

Analysis:

In the above case, even though physical work has been completed on 31.10.2011 but other auxiliary activities (i.e. preparation and signing of measurement book, quality certificate and other documents) has been completed on 07.11.2011 and only thereafter ABC Ltd can issue the invoice.

Thus, in this case date of completion of work shall be 07.11.2011 instead of 31.10.2011 and ABC Ltd can issue invoice upto 21.11.2011.

Rule 7. Determination of point of taxation in case of export of services, reverse charge, associated enterprises etc.

AMENDMENT BY NN 25 DTD 31.03.2011

For rule 7, the following rule shall be **substituted**, namely:-

“7. Determination of point of taxation in case of specified services or persons.-Notwithstanding anything contained in these rules, the point of taxation in respect of,-

(a) the services covered by sub-rule (1) of rule 3 of Export of Services Rules, 2005;

(b) the persons required to pay tax as recipients under the rules made in this regard in respect of services notified under sub-section (2) of section 68 of the Finance Act, 1994;

(c) **individuals or proprietary firms or partnership firms** providing taxable services referred to in sub-clauses **(g)**, (p), (q), (s), (t), (u), (za), (zzzzm) of clause (105) of section 65 of the Finance Act, 1994,

shall be the **date on which payment is received or made**, as the case may be:

Provided that in case of services referred to in clause (a), where **payment is not received within the period specified by the Reserve Bank of India**, the point of taxation shall be determined, as if this rule does not exist.

Provided further that in case of services referred to in clause (b) where **the payment is not made within a period of six months of the date of invoice**, the point of taxation shall be determined as if this rule does not exist.

Provided also that in case of **“associated enterprises”**, where the person providing the service is located outside India, the point of taxation shall be the date of credit in the books of account of the person receiving the service or date of making the payment **whichever is earlier**.

ANALYSIS OF RULE 7 OF POINT OF TAXATION RULES, 2011

A.

The above rule deals with the determination of point of taxation in case of following services:

1. Export of Services under rule 3 (1) of Export of Services Rules, 2005
2. Reverse Charges Mechanism U/s 68 (2) of Finance Act, 1994
3. Specified Services under rule 7(c) of said rules
4. **associated enterprises”**, where the person providing the service is located outside India

B.

The point of taxation shall be determined in the following manner under rule 7:

S. No	Particulars	Case 1	Case 2
1	In case of export of services	Payment is received within the period specified by RBI	Payment is not received within the period specified by RBI
	Point of Taxation Shall Be	Date on which payment is received	<p>1. Date of invoice or payment, whichever is earlier (if the invoice is issued within the prescribed period of 14 days from the date of completion of the provision of service.)</p> <p>2. Date of completion of the provision of service or payment, whichever is earlier (if the invoice is not issued within the prescribed period as above.)</p> <p>3. Date of receipt of advance payment</p> <p>POT is determined as per normal rules.</p>
2	Reverse Charges Mechanism U/s 68 (2) of Finance Act, 1994	Payment is made within a period of six months of the date of invoice	Payment is not made within a period of six months of the date of invoice
	Point of Taxation Shall Be	Date on which payment is made	Same as point no 1
3	Specified Services under rule 7(c)	If specified services provided by individuals or proprietary firms or partnership firms	If specified services provided by other than individuals or proprietary firms or partnership firms
	Point of Taxation Shall Be	Date on which payment is received	Same as point no 1
4	Associated Enterprises	Where the person providing the service is located outside India	Where the person providing the service is located in India
	Point of Taxation Shall Be	<p>1. date of credit in the books of account of the person receiving the service</p> <p>or</p> <p>2. Date of making the payment</p> <p>whichever is earlier</p>	Same as point no 1

C.

Specified Services under rule 7(c) of said rules are as under:

- (i) Consulting Engineer's Services [Section 65(105)(g)]
Notification No. 41/2011 – Service Tax dtd 27.06.11
- (ii) Architect's Services[Section 65(105)(p)]
- (iii) Interior Decorator's Services [Section 65(105)(q)]
- (iv) **Practicing Chartered Accountant's Services**[Section 65(105)(s)]
- (v) Practicing Cost Accountant's Services[Section 65(105)(t)]
- (vi) Practicing Company Secretary's Services[Section 65(105)(u)]
- (vii) Scientific or Technical Consultancy Services [Section 65(105)(za)]
- (viii) Legal Consultancy Services [Section 65(105)(zzzzm)]

Rule 8. Determination of point of taxation in case of copyrights, etc.

Provision as per NN 18/2011 dated 01.03.2011

8. Determination of point of taxation in case of copyrights, etc.-

In respect of royalties and payments pertaining to copyrights, trademarks, designs or patents, where the **whole amount of the consideration for the provision of service is not ascertainable** at the time when service was performed,

and subsequently the use or the benefit of these services by a person other than the provider gives rise to any payment of consideration,

the service shall be treated as having been provided each time when a payment in respect of such use or the benefit is received by the provider in respect thereof, or an invoice is issued by the provider, whichever is earlier.

ANALYSIS OF RULE 8 OF POINT OF TAXATION, 2011

S. No.	Particulars	Case 1	Case 2
1	Provision	Whole amount of the consideration for the provision of service is not ascertainable at the time when service was performed	Whole amount of the consideration for the provision of service is ascertainable at the time when service was performed
2	Point of Taxation Shall Be	i.) Payment received by the provider of taxable service, or ii.) Date of issue of invoice by the provider of taxable service, whichever is earlier	1. Date of invoice or payment, whichever is earlier (if the invoice is issued within the prescribed period of 14 days from the date of completion of the provision of service.) 2. Date of completion of the provision of service or payment, whichever is earlier (if the invoice is not issued within the prescribed period as above.) 3. Date of receipt of advance payment POT is determined as per normal rules.

3	Example	ABC Ltd (Indian Company) entered into an agreement with the XYZ Ltd (Japanese Company) for use of technology (Patented by Japanese Co.) for the production of luxury motor car in india. Now as per agreement ABC Ltd will pay US \$ 2,00,000 at the time of signing the contract and will pay 2% of turnover every month to XYZ Ltd.	ABC Ltd entered into an agreement with XYZ Ltd for use of trade of XYZ Ltd " BINDAS" on the shirt produce by ABC Ltd. As per agreement ABC Ltd will pay to XYZ Ltd @ ` 100 per shirt for use of trade mark "BINDAS". ABC Ltd will make payment on monthly basis on shirts produced during a particular month.
4	Analysis	In the above case, technology will be used at the time of production of luxury motor car (the time when service will be performed) but payment is made lump sum at the time of signing the agreement and monthly payment will be made every month. Therefore, here POT shall be determined as per Rule 8 above.	In the above case, ABC Ltd is using trade mark at time of production of shirts and at that time consideration can be determined. Accordingly POT shall be determined as per normal rules.

Other Consequences of Point of Taxtion Rules 2011

CLARIFICATION BY CIRCULAR NO JS TRU (II) DTD 31.03.11 (FILE NO 341/34/2010)

1. Changes have also been made in the Service Tax Rules, 1994 vide notification No. 26/2011-ST dated 31.03.2011 and have a close relationship with the Point of Taxation Rules as follows:

- (i) The obligation to issue invoice shall be within 14 days of completion of service and not provision of service.
- (ii) If the amount of invoice is renegotiated due to deficient provision or in any other way changed in terms of conditions of the contract (e.g. contingent on the happening or non-happening of a future event), the tax will be payable on the revised amount provided the excess amount is either refunded or a suitable credit note is issued to the service receiver. However, concession is not available for bad debts.

2. The credit of input services under rule 4 (7) of the Cenvat Credit Rules has also been liberalized vide notification No. 13/2011-CE (NT) dated 31.03.2011 and the same shall be available on receipt of invoice (except in cases of reverse charge) as long as the payment is made within three months. Even specified persons required to pay tax on cash basis will be able to avail credit on receipt of invoice. Suitable changes have also been made for reversal of credit or payment when the value of service is renegotiated or altered for any reason by refund or issue of a credit note by the service provider. Amendment has also been made in Rule 9 of Cenvat Credit Rules, 2004 by allowing credit on supplementary invoice, except in non-bonafide cases, which may become necessary in certain situations e.g. where the point of tax is the date of payment while the invoice had already been issued e.g. rule 4(b)(i) of Point of Taxation Rules.

With Warm Regards,

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