

CLARIFICATION ON "COMPLETION OF SERVICE" WHERE SERVICE PROVIDERS ARE UNABLE TO ISSUE INVOICES WITHIN 14 DAYS OF COMPLETION OF SERVICE

TRADE NOTICE NO. 15/ST/2011, DATED 20-10-2011

In cases where the service providers are not in a position to issue invoices within 14 days of the completion of service so provided.

This is to clarify that as per Service Tax Rules, 1994, an invoice should be issued within a period of 14 days from the completion of the taxable service. The invoice needs to indicate *inter alia* the value of service so completed. Thus, it is important to identify the service so completed. This would 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.

The above interpretation also applies to determination of the date of completion of provision of service in case of "continuous supply of service".

All the trade associations are requested to give wide publicity to the contents of this Trade Notice amongst their member & constitutes.