

## NOTIFICATION NO 26/2011-Service Tax

Dated : March 31, 2011

In exercise of the powers conferred by sub-section (1) read with sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax Rules, 1994, namely :-

1. (1) These rules may be called the Service Tax (Second Amendment) Rules, 2011.

(2) They shall come into force on the 1st day of April, 2011.

2. In the Service Tax Rules, 1994 (hereinafter referred to as the "said rules"), in rule (4A), in sub-rule (1),-

(i) for the words "provision of", the words "completion of" shall be substituted;

(ii) after the second proviso, the following proviso shall be inserted, namely:-

"Provided also that in case of continuous supply of service, every person providing such taxable service shall issue an invoice, bill or challan, as the case may be, within fourteen days of the date when each event specified in the contract, which requires the service receiver to make any payment to service provider, is completed.";

3. In rule 6 of the said rules,-

(a) in sub-rule (3),-

(i) after the words "partially for any reason", the words "or where the amount of invoice is renegotiated due to deficient provision of service, or any terms contained in a contract," shall be inserted;

(ii) for clause (a), the following clause shall be substituted, namely:-

"(a) has refunded the payment or part thereof, so received for the service provided to the person from whom it was received; or"

(b) in sub-rule (7B),-

(i) for the words and figures "at the rate of 0.1 per cent. of the gross amount of currency exchanged", the words "at the following rate" shall be substituted;

(ii) for the words "of the Act", the following shall be substituted, namely:-

"of the Act, namely:

(a) 0.1 per cent. of the gross amount of currency exchanged for an amount upto rupees 100,000, subject to the minimum amount of rupees 25; and

(b) rupees 100 and 0.05 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding rupees 100,000 and upto rupees 10,00,000; and

(c) rupees 550 and 0.01 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding 10,00,000, subject to maximum amount of rupees 5000:

Provided that the person providing the service shall exercise such option for a financial year and such option shall not be withdrawn during the remaining part of that financial year."

**F. No. 334/3/ 2011 - TRU**

**(SAMAR NANDA)**

**Under Secretary to the Government of India**

Note.- The principal rules were notified vide notification no. 2/1994-Service Tax, dated the 28th June, 1994, published in the Gazette of India, Extraordinary vide number G.S.R. 546(E), dated the 28th June, 1994 and last amended vide **notification No.3/2011-Service Tax**, dated the 1st March, 2011, vide number G.S.R. 160(E), dated the 1st March, 2011.