

Notification No.23/2016-ST dated 13.04.2016

Interest or any other consideration charged for deferred payment to government etc. shall be included in the value of Taxable service

As per rule 6(2)(iv) of Service Tax (Determination of Value) Rules, 2006, Value of the taxable service doesn't include interest on delayed payment of consideration. However, proviso has been inserted to the said clause vide *Notification 23/2016-ST dated 13.04.2016* stating that this clause shall not apply to the interest or any other consideration paid by business entities to the Government or a local authority where the payment is allowed to be deferred on such payment of interest.

As a consequence of this amendment, interest chargeable on deferred payment in case of any service provided by Government or a local authority to a business entity, where payment for such service is allowed to be deferred on payment of interest, ***shall also be included in the value of the taxable service.***