

***Notification No.24/2016-ST dated 13.04.2016***

***Point of Taxation in case of services provided to government/ local authority etc.***

Generally, liability to pay service tax under reverse charge mechanism is on the date of payment of value to the service provider, provided payment is made within 3 months of the date of invoice. However, where such payment to the vendor is not made within 3 months, liability arises on the subsequent day following the expiry of 3 months.

However, fourth proviso to rule 7 of the point of taxation rules, 2011 has been inserted vide has been inserted *Notification No.24/2016-ST dated 13.04.2016* stating that in case of services provided by the Government or local authority to any business entity, point of taxation shall be earlier of the following dates:

- Date on which such payment, either in part or full, becomes due as specified in the in the invoice, bill, challan; (or)
- Date of payment.

The date on which such payment becomes due shall be determined on the basis of invoice, bill, challan, or any other document issued by the Government or a local authority demanding such payment.