

Notification No. 26/2016-ST dated 20.05.2016

Services provided by government liable for service tax under forward charge are not eligible for turnover based exemption

Any services provided by Government or a local authority to a business entity became taxable w.e.f. 01.04.2016 under reverse charge. Further, the services provided by government are exempted if the turnover of the service receiver (i.e. business entity) is less than Rs.10 lakhs in the previous financial year. However, now by the Notification No.26/2016-ST dated 20.05.2016, it has been clarified that the above said exemption is not applicable for those services on which Government or a local authority is liable to pay the service tax itself under forward charge i.e. the services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994 and renting of immovable property service