

**Notification No. 31/2016 ST dated 26.05.2016**

**Calculation mechanism of 'Krishi Kalyan Cess' on specified services taxed at special rates**

Rule 6 sub rules 7, 7A, 7B and 7C of Service tax Rules, 1994 provides the special rate of service tax for specified services i.e. an insurer carrying life insurance business, purchase or sale of foreign currency etc.

Present notification has been issued clarifying that Krishi Kalyan Cess shall also be applicable on such specified services. Rule 6 sub rule (7E) has been inserted for providing that Krishi Kalyan cess option for payment of such cess as determined as under:

{Service Tax liability under rule 6(7). (7A), (7B), (7C)] X 0.5%/14%

The option under this sub rule once exercised shall apply uniformly in respect of such services and shall not be changed during the financial year under any circumstances.