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Service Tax on Manpower Supply Services or security services



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Wide Notification No. 30/2012-ST dated 20-06-2012 has been amended vide Notification No. 7/2015-ST dated 01-03-2015, there by shifting the Supply of Manpower and Security services from Partial Reverse Charge to Full Reverse Charge. The stated change will be effective from 01-04-2015.

At present (from 01-04-2015), Service tax liability in respect of Manpower supply and Security services are distributed as follows:

S. No.	Description of Service	Percentage of Service tax payable by the person providing service	Percentage of Service tax payable by the person receiving the service
8	<i>In respect of services provided or agreed to be provided by way of supply of manpower for any purpose or security services</i>	0	100%

However, before 01-04-2015, 25% of the Service tax to paid by service provider and Service tax liability to be paid by service recipient was 75%.

However, it is to be noted that the reverse charge is applicable only if the service receiver and the service provider satisfy a few conditions, which are as follows:

Service provider & Service receiver

- ✚ The service provider is an Individual (proprietor), or partnership firm (registered or unregistered) or an HUF.
- ✚ The service receiver is any company formed or registered under the Companies Act, 2013 or earlier or a business entity registered as body corporate located in the taxable territory.

In case the abovementioned conditions are not satisfied, the service provider has to pay tax on the full amount of service.

Illustration:-

If manpower supply services worth Rs. 1,00,000 are supplied by an individual, partnership firm or HUF, to a company or body corporate, Then service tax

@14%*0%*1,00,000 (Rs. 0.00) will be deposited by the service provider, and

@14%*100%*1,00,000 (Rs. 14,000) will be deposited by the service receiver under Full Reverse Charge Mechanism.

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