

SERVICE TAX

1. Central Government vide *Order No. 1/2012 ST dated 15th June, 2012* has amended Section 68 so as to replace the reference to “Section 66” with “Section 66B” in view of omission of Section 66 w.e.f. 1st July,2012.
2. CBEC vide *Circular No. 159/10/2012 ST dated 19th June, 2012* has clarified that audit fees collected by Comptroller & Auditor General (CAG) for conducting audit of corporations is not liable to service tax under the category of “Practicing Chartered Accountant’s Services” on account of the following reasons:
 - CAG, being a constitutional authority, cannot be considered as a “concern” in the same manner as a firm of Chartered Accountants.
 - The services of CAG are not the services as are rendered by a Chartered Accountant even though both may be engaged in the sphere of the auditing. The scope of work of the CAG goes far beyond that of a statutory company auditor and is often carried out by persons who may not even be Professional Chartered Accountants. These audits are done in terms of Section 18 of the CAG (Duties, Powers and Conditions of Service) Act, 1971, which is entirely different from the powers vested in a Chartered Accountant under the Chartered Accountant Act, 1949.

CBEC has further clarified that the services of CAG are also not covered under the category of “Business Support Services” since the audit activity undertaken by CAG is not an outsourced function but is carried out in statutory fulfillment of duties.

Source: www.cbec.gov.in

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The Indirect Taxes Update is an endeavour of the Indirect Taxes Committee to apprise the readers about

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Secretary

Indirect Taxes Committee

The Institute of Chartered Accountants of India

ICAI Bhawan A-29, Sector -62, NOIDA (U.P.)India