

Ref. No. MCHI/GEN/13-14/092

January 20, 2014

To,
All Members of MCHI-CREDAI & MCHI-CREDAI Unit

Sub: Circular issued by CBDT regarding Service Tax

Dear Members,

The CBDT has recently issued a circular clarifying the skepticism over TDS deductions vis-a-vis service tax payable. The circular has been issued in light of a recent Rajasthan High Court judgment in the case of CIT (TDS) Jaipur v/s Rajasthan Urban Infrastructure.

The circular clarifies that if as per the terms of the agreement between the payer and the payee, the amount of service tax is to be paid separately and was not included in the fees for professional services or technical services, no TDS is required to be made on the service tax component u/s 194J of the Act. However, it needs to be seen whether this clarification will have a retrospective effect. (*Attached Circular dtd. 13th January 2014*)

Earlier, the said exemption was applicable only to TDS under Section 194-I on rent payments. Now, the same has been extended to all payments.

This is for your information and necessary action.

Thanking you,

Yours truly,
For MCHI-CREDAI

Sd/-
C. P. Goyal
Chief Manager, Finance & Admin

Encl : As above