



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



By Speed Post / Email

No. CWC/FD-Taxation/ST (Gen)/12-13

18th March, 2014

Service Tax Circular # 79

Sub: Service Tax on Handling & Transportation service on the Rice for the period 01.07.2012 to 16.02.2014

This is with reference to Corporate Office Service Tax Circular No.76 dated 17.12.2013 & Circular No.78 dated 17.02.2014 clarifying that Handling & Transportation of Rice was subject to levy of Service Tax for the period from 1.7.2012 to 16.02.2014. Now, w.e.f. 17.02.2014, Handling & Transportation service on Rice has been exempted from levy of service tax. Since for the period from 01.07.2012 to 16.02.2014, there is service tax implication on the input service of H&T operations for Rice, the following may please be noted:

1. The H&T Contractor appointed by CWC is engaged in loading, unloading, stacking, de-stacking operations and to accomplish these operations, transportation of goods is also undertaken. The entire gamut of H&T service derives its essential colour from handling services for which the depositor engages the services of CWC. The handling portion of service is not complete without undertaking transportation. In this manner, the transportation service supports the performance of handling service being provided to the depositors by CWC and similarly by H&T Contractor to CWC.

Services offered by CWC to its clients as handling and transportation service is a bundled service comprising of mixture of handling and transport element. Same applies to H&T Contractors appointed by CWC. So, neither CWC nor H&T Contractor, providing input services, are GTAs and more so they do not issue consignment note. Hence, the Handling & Transportation services provided by

H&T Contractor to CWC are in the nature of Cargo Handling Services. Therefore service Tax is leviable on Handling & Transportation charges at full rate of 12.36% on Non-Agricultural Produce for the period from 01.07.2012 to 16.02.2014.

2. Units were advised by Corporate Office vide Service Tax Circular # 65 dated 16.11.12 that:
 - (i) all the Tenders floated hereafter by the Corporation shall invariably provide for the Rates/Schedule of Rates to be expressly exclusive of Taxes and the Service Tax or any other Tax in lieu thereof shall be payable extra over and above the Rates/Schedule of Rates; and
 - (ii) all the Agreements/Contracts being entered into by the Corporation, both for receiving the Input Services or for providing the Output Services, shall invariably provide for the Rates/Schedule of Rates to be expressly exclusive of Taxes and the Service Tax or any other Tax in lieu thereof shall be payable extra over and above the Rates/Schedule of Rates.
3. It may be ensured that the H&T Contractor who has charged service tax on handling and transportation of Rice during 01.07.2012 to 16.02.2014 has registered himself with the Service Tax Department for cargo handling service. As now rates are exclusive of service tax, the contractor can charge service tax at the applicable rates on the total bill i.e. including Loading, Unloading and Stacking & De-Stacking and transportation etc. for non-agricultural produce (Rice). It is also to be ensured that H&T contractor has raised separate bills for agricultural and non-agricultural produce or in case single bill has been raised, he has shown separately the taxable value of service and amount of service tax thereon i.e. the Service Tax, Education Cess and S.H.E. Cess. For such Service Tax paid to the H&T Contractor, the CENVAT Credit can be taken as per the CENVAT Credit Rules 2004.
4. It may be ensured that the contractor who is charging service tax should have mentioned in his bill / invoice the following particulars as per Rule 4A (1) of service Tax Rules, 1994 i.e.:
 - i) the name, address and the Service Tax registration number of H&T Contractor;
 - ii) the name and address of the person receiving taxable service;

- iii) description and value of taxable service provided or agreed to be provided; and
- iv) The service tax payable thereon.

The contents of this circular may please be brought to the notice of all concerned for compliance.

This issues with the approval of the Competent Authority.



(A.S.GOPALAN)

Dy. General Manager (F&A)

Distribution to:

1. All Regional Managers of CWC.
2. All Executive Engineers in-charge of all the Construction Cells of CWC.
3. All AGMs/Managers/ (Sr.) Asstt. Managers' in-charge of the Finance, Accounts & Internal Audit Wings of all ROs & CCs of CWC.

Copy for information to:

1. PS to Managing Director, CWC, CO, New Delhi.
2. PS to Director (Pers.)/Director (MCP)/Director (Fin), CWC, CO, New Delhi.
3. PS to GM (F&A)s, CWC, Corp. Office, New Delhi.
4. All HODs at CWC, Corporate Office, New Delhi.
5. All DGM/AGMs/Managers/ (Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, CO, New Delhi.
6. PS to GM (Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website.
7. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.