

## Service Tax on Goods Transport from 1.7.2012

The service tax is on “Goods transport Agency” and “courier service” only.

Goods transport freight for single consignee up to Rs.750 and for single vehicle up to Rs.1500 is exempt.

Goods transport Agency has been defined as “any person who provides service in relation to transport of goods by road and issues consignment note by whatever name called.”

Service tax has to be paid only on 25% of the gross amount paid to the Goods Transport Agency. For gross amount, octroi is not taken in account.

The tax is payable on reverse charge basis by consignor or consignee who ever pays the freight, if the consignor or the consignee is factory, registered society, co-operative society, registered dealer, body corporate, partnership firm, LLP and association of persons.

If the goods transport agency has charged service tax then no service tax is payable by consignor or consignee.

## Service Tax on Goods Transport Legal provisions.

### Negative List of Services (section 66D)

P. Services by way of transportation of Goods-

- (i) By road except the services of-
  - (A) A goods transportation agency; or
  - (B) A courier agency;

## Exempted Services Notification No.25/2012 ST dated 20.6.2012 w.e.f 1.07.2012

### 21. Transport of Specified goods by Road

Under this entry, exemption has been granted to services provided by a goods transport agency by way of transportation of –

- (a) Fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;
- (b) Goods where gross amount charged on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or
- (c) Goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;

Similar exemptions existed earlier vide Notification No.34/2004-ST dated 3.12.2004 as amended by Notification No.4/2010-ST dated 27.02.2010 and Notification No.34/2004-ST dated 3.12.2004 (since rescinded)

Also, transport of goods by road by goods transport agency also enjoys an abatement @ 75 per cent vide Notification No.26/2012-ST dated 20.6.2012 (earlier Notification No.1/2006-ST).

## New Scheme of Taxation of Services

According to section 65(50b), goods transport agency means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

Therefore, goods transport agency may be ---

- Any person who provides services in relation to transport of goods by road, and
- Issues consignment note, by whatever name called.

Goods transport Agency should meet the following tests –

- (a) It should be any person
- (b) It should provide service in relation to transport of goods
- (c) Such transportation should be by road
- (d) Agency should book the goods for transport
- (e) It must issue a consignment note (or such document called by any other name) against the goods so booked and transported.

**Abatement in Service Tax (Notification No.26/2012ST)**  
**effective from 1.7.2012.**

Description of taxable service	Taxable % of gross freight	Conditions
Services of goods transport agency in relation to transportation of goods.	25	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.

**PAYMENT OF SERVICE TAX UNDER REVISED**  
**REVERSE CHARGE METHOD**  
**SECTION 66B, 68(2) AND RULE 2(1)(D)**

Taxable services	Person liable to pay and extent	
	Service provider	Service Receiver
Goods transport Agency services	Goods Transport Agent	Consignor or consignee being factory, registered society Co-operative society. Registered Dealer. Body corporate, Partnerships firm, LLP and Association of persons.

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