GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAILWAY BOARD

Commercial Circular No. 58 of 2012

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ISSUED ON 26.09.2012

The General Managers,
All Indian Railways

No.TCII/2910/2012/Service Tax (.) Reference Ministry of Railways letters of even number dated 26.6.2012 and 05.07.2012 regarding levy of service tax on transportation of passengers by rail (.) It is hereby now advised that service tax on transportation of passengers by rail will be levied w.e.f. 01.10.2012 (.) Necessary instructions may be issued to all concerned, including PRSs, immediately (.) A

Madhukumar Reddy / Railways (.)

(A Madhukumar Reddy)
Executive Director Passenger Marketing
Railway Board

No. TC-II/2910/2012/Service Tax

New Delhi, 26.09.2012

Copy forwarded to:

1. DAI (Railways )
2. FA&CAOs, All Indian Railways.
3. Principal Director of Audit, All Indian Railways.

for Financial Commissioner/Railways
Copy forwarded for information and necessary action to:

1. CCMs, All Indian Railways.
2. CCM(PM)s, All Indian Railways.
3. ADV(R), ED (C&T), EDVT, ED(C&IS), ED(Chg), EDFC, EDTT(F), DTC(G), Director (Catering) & DDTC(R) Railway Board.
5. General Secretary, IRCA, Chelmsford Road, New Delhi for issue of necessary correction slip to IRCA Coaching Tariffs. He will ensure that correction slips wherever necessary are printed and circulated to Zonal Railways well in time.
6. MD, GM/PRS, GM/UTS, Centre for Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi - 110021
7. Director General, Railway Staff College, Vadodara.
8. Managing Director, Konkan Railway Corporation Ltd., Belapur Bhavan, Plot No. 6, Sector 11, CBD Belapur, Navi Mumbai – 4000614.
9. G.Manager, Metro Railway, 33/1, J.L. Nehru Road, Calcutta-700071.
11. Manager, Mumbai Port Trust Railway, Mumbai.
12. Chairman, Chennai Port Trust Railway, Chennai.
13. The General Secretary, All India Railwaymen’s Federation, Room No. 253, Rail Bhawan, New Delhi.
14. The General Secretary, National Federation of Indian Railwaymen, Room No. 256-E, Rail Bhawan, New Delhi.
15. The Secretary General, All India R.P.F. Association, Room No. 256-D, Rail Bhawan, New Delhi.
16. The Secretary General, Federation of Railway Officers’ Association, Room No. 256-A, Rail Bhawan, New Delhi.
17. The Secretary General, Indian Railway Promotee Officers’ Association, Room No, 268, Rail Bhawan New Delhi.

(A Madhukumar Reddy)
Executive Director Passenger Marketing
Railway Board
The General Managers,
All Indian Railways.

Sub: Levy of service tax on transportation of passengers by rail

In compliance of the provisions contained in Finance Bill 2012 and subsequent notifications issued by Ministry of Finance, following instructions are issued for levy of service tax on transportation of passengers by rail.

1. Service tax will be levied on the fare of passenger services on the following classes:
   i. AC First class.
   ii. Executive Class.
   iii. AC-2 tier class.
   iv. AC-3 tier class.
   v. AC chair Car class.
   vi. AC Economy class.
   vii. First class.

2. As on date Service Tax is levied at the following rates.
   i) Service Tax 12 %
   ii) Education Cess of 2% on Service Tax.
   iii) Higher Education Cess of 1% on Service Tax.

3. Since an abatement of 70% has been permitted on passenger services, vide notification No. 13 of 2012- Service Tax dated 17.03.2012, Service Tax will be charged on 30% of total fare including reservation charge, Development charge, superfast surcharge etc which should be calculated as follows:
   (i) Service Tax of 12% will be charged on 30% of fare (equivalent to 3.6% on the total Fare);
   (ii) Education Cess of 2% on Service Tax will be added (equivalent to 0.072% on total Fare); and
   (iii) Higher Education Cess of 1% on Service Tax will also be added (equivalent to 0.036% on total Fare)
   (iv) Total Service Tax implication will be (i) + (ii) + (iii) = 3.708% on the total Fare.
4. As regards Duty pass, Privilege pass, any other complementary passes etc where no money transaction is involved no service charge will be levied.

5. On Concessional value tickets/PTO tickets etc. service charge will be levied on 30% of the total fare actually being paid by the passengers.

6. As regards rounding off of chargeable fare, after levy of service tax on the gross fare charged including Development charge, Superfast Surcharge, reservation fee, etc thereafter it shall be rounded off as per approved principles.

7. In case of cancellation of the tickets by the passengers service tax will not be refunded by Railways.

8. The service tax will also apply to tickets issued in advance for journeys to commence on or after date of implementation of Service tax. In the case of tickets already issued excluding service tax, it should be ensured that the service tax on total fare including Development charge, Superfast Surcharge, reservation fee, etc date of implementation of Service tax is recovered either by TTEs in the train or by the Booking Offices before commencement of the journey by the passengers. Commercial Inspectors and TIAs should visit all important stations and ensure that service tax are levied on tickets issued as per the revised rates. Commercial Officers should also make surprise checks at the stations and ensure that Service charges are levied from date of implementation of Service tax.

9. This issues in consultation with Rates Branch, Industrial Relation Directorate, Accounts Directorate, Finance (Expenditure) Directorate and concurrence of the Finance (Commercial) Directorate of Ministry of Railways.

10. The date of implementation of levy of service tax shall be intimated shortly. This letter issues as an advance intimation of the proposed levy of service tax. Zonal Railways may take suitable action accordingly.

11. Necessary instructions may be issued to all concerned.

12. Procedure to be followed by Zonal Railways is at Annexure (1 page).

(Dr. Monica Agnihotri)
Director Passenger Marketing
Railway Board

No. TC-II/2910/2012/Service Tax

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(Dr. Monica Agnihotri)
Director (Passenger Marketing)
Railway Board
PROCEDURE TO BE FOLLOWED BY THE ZONAL RAILWAYS

1. To facilitate correct assessment, collection and payment of Service Tax, following instructions are issued:

(i) FA&CAOs of Zonal Railways will get themselves registered at the earliest and in any case within 30 days time to get a Registration No. from the concerned Superintendent of Central Excise for proper accounting and remittance of Service Tax amount.

(ii) Service Tax should be collected at the time of issuing ticket itself.

(iii) In case of Manual booking the total amount of Service Tax will be indicated on the tickets by the booking Clerks.

(iv) Till such time as changes in respect of service tax are made in the software, Total amount of service tax will be manually written by the booking Clerks in the computerized tickets also which will be generated at UTS/PRS locations.

(v) Meanwhile, CRIS will make provision for separate accountal of Service Tax in the UTS/PRS software. The details of service tax shall be stored in the UTS and PRS system for taking out separate accountal statement. The ticket shall only indicate total amount of service tax levied.

(vi) Till allotment of Registration No., Zonal railways will be required to mention 'Applied For' against the space provided for Registration No. for separate accountal of service tax. For separate accountal of Service tax, UTS/PRS software will also mention 'Applied For' till such time CRIS is intimated about their Registration Nos. by FA&CAOs of Zonal Railways.

(vii) In case any undercharges or other charges are collected at the intermediate/destination stations, then service tax at the stipulated percentage should also be collected.

(viii) It may be ensured that proper arrangement be made for up-keep of record from the initial stage itself for subsequent auditing by Service Tax Authorities.

(ix) Instructions may be communicated to the staff at all levels regarding the relevant provisions of this tax and they may be made conversant with the various provisions for effective and efficient implementation of the same.

(x) In case of refund of passenger fare, if any, refund of Service Tax shall be claimed by the passenger from the concerned Service Tax authority. No refund shall be made by the Railways on this account. For the purpose of claiming refund, CCM office shall issue a certificate to passenger detailing the amount of refunds to be signed by an Officer authorized by CCM, which shall be countersigned by the Dy.CAO or officer authorized by them for this purpose.

(xi) Since service tax due in case of penalty detected at the intermediate station/destination station will be recovered and separate record of service tax so collected be maintained.

2. It is suggested that various documents like Service Tax, relevant notifications etc. may be obtained and all concerned may be made well conversant with the same. Provisions pertaining to Service Tax are available in Finance Act, 1994 and Service Tax Rules, 1994 as amended subsequently from time to time.

3. Instructions regarding head of allocation, accounting procedure, system of making payment etc. will be issued separately by the Accounts Directorate.

4. Any modification in the policy made by Ministry of Finance from time to time will become applicable and will be notified accordingly.