

KARNATAKA POWER TRANSMISSION CORPORATION LTD.,



Corporate Office,
Kaveri Bhavan,
Bangalore - 560 009.
Dated:

Sub: Deduction of Service Tax for the hired Vehicles provided to Officers / Employees of KPTCL –Regarding.

Preamble:

During the discussions held with Managing Director, KPTCL, Director (Finance), KPTCL and Director (Transmission), KPTCL, Bangalore recently by the Agencies providing hired Vehicles to Officers / Employees of KPTCL, the issue of deduction of Service Tax by KPTCL from their monthly bills was discussed. The Agencies submitted that the deduction of Service Tax by KPTCL has badly impacted their business due to reduction in their returns, since at the time the Vehicles were hired from them, there was no proposal to deduct Service Tax from them and have requested KPTCL not to deduct Service Tax from their monthly bills as otherwise it will be an additional burden on them.

The request put forth by the agencies was considered and it was decided to pay 40% of the applicable Service Tax (KPTCL portion) to the Service Tax Department for bills pertaining to the period from 01.07.2012.

Hence this order,

Order No: KPTCL/B25/32518/2012-13

Dated: 23 JAN 2013

After introduction of Joint Charge Mechanism for payment of Service Tax on renting of a motor Vehicle (i.e., hired taxi) with effect from 1st July, 2012, KPTCL being Service Receiver has to pay 40% of the applicable Service Tax (12.36% as on date) directly to the Service Tax Department. At present, this amount is being deducted from the monthly bills of Agencies providing vehicles on hire to KPTCL. Such deduction of amount shall be discontinued with effect from 01.01.2013 till such time the tender for hiring of vehicles is finalised by KPTCL. The applicable KPTCL's portion of 'Service Tax, i.e., 40% of the total Service Tax' shall be paid directly to the Service Tax Department by KPTCL Accounting Units without any deduction from the bills. However, no action needs to be taken in respect of Service Tax to be paid by the Agencies as Service Provider.

