

As you are aware, in the Union Budget 2011-12, it was proposed to levy service tax on hotel room booking and AC restaurants. This is to inform that levy of service tax has now been made applicable with effect from **1st of MAY 2011** vide Ministry of Finance, Govt. of India notification nos. 29/2011, 31/2011 and 34/2011, all dated 25th April, 2011. Copies of the mentioned Notifications are reproduced below for your records and ready reference.

The percentage of service tax would be as under:-

		Percentage of Service Tax	Service tax inclusive of cess
1	Services provided by air-conditioned restaurants having a license to serve alcoholic beverages However, it has been announced that an abatement of 70% will be given when such services will be notified	30 %	3.09 %
2	Services provided or to be provided, to any person, by a hotel, inn, guest house, club or campsite, by whatever name called, in relation to providing of accommodation for a continuous period of less than three months with declared tariff of above Rs. 1000/-	50%	5.15%

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India

Ministry of Finance

(Department of Revenue)

New Delhi, the 25th April, 2011

Notification No. 29/2011 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by clauses (A) and (B) of section 71 of the Finance Act, 2011 (8 of 2011), the Central Government hereby appoints the 1st day of May 2011, as the date on which the provisions of the said Act shall come into force.

[F. No. 334/3/ 2011 – TRU]

(Sanjeev Kumar Singh)

Under Secretary to the Government of India

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Government of India

Ministry of Finance

(Department of Revenue)

New Delhi, the 25th April, 2011

Notification No.31/2011 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994)(hereinafter referred to as the said Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service as referred to in sub-clause (zzzzw) of clause (105) of section 65 of the said Act, when the declared tariff for providing of such accommodation is less than rupees 1000 per day from the whole of the service tax leviable thereon under section 66 of the said Act.

Explanation.- For the purpose of this notification, “declared tariff” includes charges for all amenities provided in the unit of accommodation like furniture, air-conditioner, refrigerators etc., but does not include any discount offered on the published charges for such unit.

2. This notification shall come into force on the 1st day of May, 2011.

[F. No. 334/3/2011-TRU]

(Sanjeev Kumar Singh)

Under Secretary to the Government of India

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India

Ministry of Finance

(Department of Revenue)

New Delhi, the 25th April, 2011

Notification No.34/2011 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 1/2006-Service Tax, dated the 1st March, 2006, published in the Gazette of India, vide number G.S.R.115(E), dated the 1st March, 2006, with effect from the 1st day of May 2011 namely:-

2. In the said notification, in the Table, after S.No.12 and the entries relating thereto, the following S. No. and the entries shall be inserted, namely:-

TABLE

(1)	(2)	(3)	(4)	(5)
“13.	(zzzzv)	Services provided or to be provided, to any person, by a restaurant, by whatever name called, having the facility of air-conditioning in any part of the establishment, at any time during the financial year, which has license to serve alcoholic beverages, in relation to serving of food or beverage, including alcoholic beverages or both, in its premises;	-	30
14.	(zzzzw)	Services provided or to be provided, to any person, by a hotel, inn, guest house, club or campsite, by whatever name called, in relation to providing of accommodation for a continuous period of less than three months;	-	50

[F. No. 334/3/2011-TRU]

(Sanjeev Kumar Singh)

Under Secretary to the Government of India

Note: - The principal rules were notified vide notification no. 1/2006-Service Tax, dated the 1st March, 2006, published in the Gazette of India, Extraordinary vide Number G.S.R. 115(E), dated the 1st March, 2006 and last amended vide notification No.16/2011-Service Tax, dated the 1st March, 2011, published on the Gazette of India vide Number G.S.R.116 (E), dated the 1st March, 2011.