

**Press Information Bureau
Government of India
Ministry of Railways**

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Levy of Service Tax on Railway Passengers Travelling in AC Class/First Class from 1st October 2012

In compliance of the provisions contained in Finance Bill 2012 and subsequent notifications issued by Ministry of Finance, the Service Tax in case of railway travel, which was exempted upto 30th September 2012, will be levied on the fare of passenger services in the following classes from **1st October 2012**.

(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 and (vii) First Class.

Since an abatement of 70% has been permitted on passenger services by Ministry of Finance, the Service Tax will be charged on 30% of total fare including reservation charge, development charge, superfast surcharge which would 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.**

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

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, the service tax on total fare including development charge, superfast surcharge, reservation fee, etc. date of implementation of Service Tax will be recovered either by TTEs in the train or by the Booking Offices before commencement of the journey by the passengers. Commercial Inspectors and TIAs have been instructed to visit all important stations and ensure that service tax is levied on tickets issued as per the revised rates. Commercial Officers have also been asked to make surprise checks at the stations and ensure that Service Charges are levied from date of implementation of Service Tax.

The amount of Service Tax collected from passengers will be deposited with the Ministry of Finance as per procedure. Finance Departments of Zonal Railways have been instructed for proper accountal and remittance of Service Tax amount to the Government.

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, Chief Commercial Manager (CCM) office of concerned Zonal Railway 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. Chief Account Officer (DCAO) or officer authorized by them for this purpose.

AKS/HK/LK