

COMPOSITION SCHEME UNDER SERVICE TAX

Taxable Service	Category	Partial abatement / Composition Scheme	Conditions
Accommodation booking service by tour operator		10% of amount charged (Abatement Scheme, though really it is composition scheme)	No Cenvat Credit. Invoice should be inclusive of cost of accommodation
Air Travel Agent	For Domestic Tickets	0.7 % of Basic Fare	No restriction on availment of Cenvat credit
	For International Tickets	1.4 % of Basic Fare	
Bundled service by way of supply of food or any other article of human consumption or any drink, in a premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organizing a function) together with renting of such premises		Tax on 70% of amount charged including fair value of goods and services supplied by service receiver (to service provider) under same or different contract (Composition Scheme)	Cenvat credit of input services and capital goods is available. Cenvat credit on food items (covered under Chapters 1 to 22 of CETA) not available. Cenvat credit of other inputs is available.
Chit related services		Tax on 70% of amount charged (Abatement Scheme)	No Cenvat Credit allowed
Financial leasing and hire purchase		Tax on lease management fee, processing fee, documentation charges and administrative fee plus 10% of interest	No restriction on availment of Cenvat Credit
Construction of a complex, building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly, if value of land is included in the amount charged from the service receiver		Tax on 25% of amount charged including fair market value of all goods and services supplied by recipient (termed as Abatement Scheme – actually it is composition scheme)	Cenvat credit of input services and capital goods can be taken but not of input goods
Foreign Currency – sale and purchase	Up to Transaction value of Rs. 1,00,000	0.14 % Of gross amount of currency exchanged Or Rs. 35 Which ever is higher	
	1,00,001 To 10,00,000	Rs. 140 + 0.07 % Of gross amount	

		of currency exchanged above Rs. 100,000	
	Above 10,00,000	Rs. 770 + 0.014 % Of gross amount of currency exchanged above Rs. 10,00,000	
Life Insurance	For First year	3.5% of Premium Charged	
	For Subsequent years	1.75% of Premium Charged	
Lottery Ticket promotion	If the lottery or lottery scheme is one where the guaranteed prize payout is more than 80%	Rs. 8200 on every Rs.10 lakh or part of Rs.10lakh of aggregate face value of lottery tickets printed by the organizing State for a draw	
	If the lottery or lottery scheme is one where the guaranteed prize payout is less than 80%	Rs. 12,800 on every Rs. 10 lakh or part of Rs10 lakh of aggregate face value of lottery tickets printed by the organizing State for a draw	
Outdoor caterer		Tax on 60% amount excluding State Vat (Composition Scheme) (Till 1-7-2012, it was 50%)	Cenvat credit of input services and capital goods is available. Cenvat credit on food items (covered under Chapters 1 to 22 of CETA) not available. Cenvat credit of other inputs is available.
Restaurant service		Tax on 40% amount excluding State Vat (Composition Scheme) (Till 1-7-2012, it was 30%)	Cenvat credit of input services and capital goods is available. Cenvat credit of excise duty on food items (covered under Chapters 1 to 22 of CETA) not available. Cenvat credit of other inputs is available.
Works Contract Service		Tax on value of service calculated as per rule 2A(i) or Tax on 25%/40%/60%	Cenvat credit of input services and capital goods is available.

		<p>of gross amount charged as specified in rule 2A(ii) (Composition Scheme) Tax on 25% of amount charged including fair market value of all goods and services supplied by recipient (termed as Abatement Scheme – actually it is composition scheme)</p>	<p>Cenvat credit of excise duty on goods, the property of which is transferred is not available. Cenvat credit of other inputs (like consumables) is available</p>
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