

**F. No.297/07/2015-CX.9**  
**Govt. of India**  
**Ministry of Finance**  
**Department of Revenue**  
**(Central Board of Excise and Customs)**

New Delhi, the 09<sup>th</sup> June, 2015

**OFFICE MEMORANDUM**

Please find enclosed a press release issued by Central Board of Excise and Customs [CBEC] with respect to clarification issued in the matter of Service Tax. The Press Release is enclosed for taking necessary action at your end.

**Encls:** As above

Sd/-  
**(Hemambika R. Priya)**  
**Commissioner Co-ord.**  
**[CBEC]**  
**Phone No. 011- 2309 2038**

Sh. D.S. Malik,  
ADG (M&C)  
Ministry of Finance.  
North Block, New Delhi.

## PRESS NOTE

At present, Service Tax is chargeable on services provided by restaurants, eating-joints or messes which have the facility of air-conditioning or central air-heating in any part of the establishment at any time during the year in relation to serving of food or beverages. Restaurants, eating-joints or messes which do not have the facility of air-conditioning or central air-heating in any part of the establishment are exempt from service tax. In other words, only air-conditioned or air-heated restaurants are required to pay Service Tax.

In respect of such air-conditioned or air-heated restaurants which are required to pay Service Tax, 60% of the value is to be deducted from the total amount charged while applying the rate of Service Tax and tax is to be calculated on the balance 40%. With the increase in the rate of Service Tax to 14% (subsuming the Education Cesses) with effect from 1.6.2015, the effective rate of tax will be 5.6% of the total amount charged. Prior to 1.6.2015, when the rate of Service Tax was 12.36% (including Education Cesses), the effective rate was 4.94%.

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