

Ref: 09-10/ISS/1360/CMC
September 10, 2009

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All Registered Intermediaries of ISS
President / Executive Director of Participating Exchanges, Co-ordination Officers
at Participating Exchanges / Regional Administrative Offices

Sub.: Change in service tax Rules

Ref.: 1) Notification No. 31/2009-Service Tax dated 1st September, 2009.

Dear Sir / Madam,

There is an amendment in the Service tax rules as mentioned below.

With reference to the below circular from Government of India, Sub-brokers are exempted from the purview of service tax. Hence Sub-brokers need not pay service tax on the commission earned by them. Also they need not submit the monthly bills to ISS. Service tax will be charged to the End Client at the prevailing rates. The same will be paid by ISS.

ISS will reimburse service tax on commission to the Sub-brokers only up to the month of August 2009, on submission of challan copy along with the Bill. Any service tax after August 2009 will not be reimbursed by ISS.

Also kindly note that till now TDS was calculated on commission + service tax. Hence forth the TDS will be charged only on Commission from the month of September 2009.

In case RIs require any further clarification / information regarding to the above subject, you may contact the Relationship Managers at helpdesk@iseindia.com

Yours faithfully,

For ISE SECURITIES & SERVICES LIMITED

C. M. CHERIYAN
Deputy Vice President Finance

New Delhi, the 1st September, 2009.

Notification No. 31/2009-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 Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service referred to in sub-clause (zzb) of clause (105) of section 65 of the Finance Act, 1994, provided by a sub broker, to a stock-broker as defined in clause (101) of Section 65 of the Finance Act, 1994, in relation to sale or purchase of securities listed on a registered stock exchange from the whole of the service tax leviable thereon under section 66 of the said Finance Act.

[F.No.354/175/2009-TRU]