

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) and clause (ee) of sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules to amend the Service Tax Credit Rules, 2002, namely :-

1. **Short title and commencement.**- (1) These rules may be called the Service Tax Credit (Amendment) Rules, 2003.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Service Tax Credit Rules, 2002 (hereinafter referred to as the said rules), in rule 3, in sub-rule (1), the following proviso shall be inserted, namely:-

“Provided that the output service provider shall be allowed to take such credit, on or after the day on which he makes payment of the value of input service and the service tax paid or payable as indicated in invoice or bill or challan referred to in sub-rule (1) of rule 5.”

3. In rule 4 of the said rules, in sub-rule (1), the following proviso shall be inserted, namely:-

“ Provided that while paying service tax on the output service, the service tax credit shall be utilized only to the extent such credit is available on the last day of a month, for payment of service tax relating to the month or in case where the assessee is an individual or proprietary firm or partnership firm, to the extent such credit is available on the last day of the quarter for payment of service tax relating to the quarter.”

4. After rule 4 of the said rules, the following rule shall be inserted, namely:-

“ 4A. **Transfer of service tax credit.**- If an output service provider shifts his establishment to another site or his establishment is transferred on account of change in ownership or on account of sale, merger, amalgamation, lease or transfer of establishment to a joint venture with the specific provision for transfer of liabilities of such establishment, then, the output service provider shall be allowed to transfer the service tax credit lying unutilized in his account to such transferred, sold, merged or amalgamated establishment.”

[F. No. 334/1/2003-TRU]

(Alok Shukla)
Deputy Secretary to the Government of India

Footnote.- The principal rules were notified vide notification No.14/2001- Service Tax, dated the 1st August, 2002 and published in the Gazette of India vide number G.S.R. 542 (E), dated the 1st August 2002.