RFC/P&G/1153/
RFC/LA-443 /

RAJASTHAN FINANCIAL CORPORATION
(LOANS SECTION)

Udyog Bhawan,
Tilak Marg,
JAIPUR-302 005.

Ref. No.RFC/LA-13(11)417   **Dated : 19.06.2006**

P&G CIRCULAR

Reg : Charging of Service Tax.

The Central Government has levied Service Tax on certain type of fee being collected from the borrowers /prospective borrowers. This type of service on which the Service Tax has been levied includes Loan Application Fee, Processing Charges, Fee for Consultancy Services, etc. These Fees are known as **Chargeable Fee** for the purpose of Service Tax.

On the amount of Loan Application Fee, Processing Charges, Consultancy Services, etc. the Service Tax was levied @ 10% upto 19.04.2006 which has now been revised to 12% and 2% Education Cess is also being levied on the amount of Service Tax.

Till now, the Corporation was bearing this amount of Service Tax but now it has been decided to charge this Service Tax and Education Cess from the borrower as under :-

A) Service Tax @ 12% plus Education Cess @ 2% (on the amount of Service Tax) is to be charged on the above referred Chargeable Fee.

B) Loan application Fee, Processing Charges, Fee for Consultancy Services would be collated alongwith the amount of Service Tax as per rate mentioned at "A" above, from today onwards.

C) In the loan cases where the Loan Application Fee has been received but Processing Charges have not been deposited by the borrower (s), (in sanctioned cases), Service Tax is to be collected along with Education Cess from today onwards.

D) In case of refund of Loan Application Fee, Processing charges, (as per policy of the Corporation), the collected amount of Service Tax alongwith Education Cess shall not be refunded back.

E) It is clarified that in the cases where the loan Application Fee, Processing Charges, Fee for Consultancy Charges has already been received, no Service Tax and Education Cess is to be collected.

All concerned are advised to note of above and ensure compliance.

Sd/-
(K. S. Rathore)
Chairman & Managing Director