

# INDIA JURIS

## WORLD PRACTICE

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With regard to services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, having the facility of air-conditioning or central air-heating in any part of the establishment, the Government of India has issued a circular No. 184/3/2015-ST dated June 03, 2015 and clarified that:

1. The valuation of services provided herein is determined rule 2C of the Service Tax (Determination of Value) Rules, 2006.
2. In the said rule, service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity, at a restaurant has been specified as 40 percentage of the total amount charged for such supply.
3. The rate of service tax on the abated value has been increased to 14% with effect from 1st June, 2015. Therefore, effective service tax rate would be 5.6% (14% of 40%) of the total amount charged.

It is further clarified that exemption from service tax still continues to services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year.

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## REMITTANCE LIMIT INCREASED TO USD 250,000 UNDER LRS

Reserve Bank of India has issued a circular No. 106 dated June 01, 2015, in which it has increase the limit under Liberalised Remittance Scheme "LRS" for resident individual from USD 1,25,00 to USD 2,50,000.

Following are the main provision for allowing remittance under LRS:

1. Authorised Dealer banks may now allow remittances by a resident individual up to USD 250,000 per financial year for any permitted current or capital account transaction or a combination of both. If an individual has already remitted any amount under the LRS, then the applicable limit for such an individual would be reduced from the present limit of USD 250,000 for the financial year by the amount already remitted. The permissible capital account transactions by an individual under LRS are:
  - a. opening of foreign currency account abroad with a bank;
  - b. purchase of property abroad;
  - c. making investments abroad;
  - d. setting up Wholly owned subsidiaries and Joint Ventures abroad;



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- e. extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives as defined in Companies Act, 2013
2. The Scheme cannot be made use for making remittances for any prohibited or illegal activities such as margin trading, lottery, etc.
3. The resident individual seeking to make the remittances should furnish an application cum declaration to the AD/ full fledged money changer (FFMC) concerned regarding the purpose of the remittances and declaration to the effect that the funds belong to the remitter and will not be used for the prohibited purposes
4. The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance for capital account transactions. If the applicant seeking to make the remittances is a new customer of the bank, Authorised Dealers should carry out due diligence on the operations and maintenance of the account.
5. Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of the Reserve Bank of India.
  - a. Private visits to any country (except Nepal and Bhutan)
  - b. Gift or donation.
  - c. Going abroad for employment
  - d. Emigration
  - e. Maintenance of close relatives abroad
  - f. Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.
  - g. Expenses in connection with medical treatment abroad
  - h. Studies abroad
  - i. Any other current account transaction

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