

## **VS ASSOCIATES**

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### **SERVICE TAX**

#### **Constitutional & Legal provisions behind levy of Service Tax in India.**

#### **Constitutional Validity**

Article 265 of the Constitution lays down that no tax shall be levied or collected except by the authority of law. Schedule VII divides this subject into three categories-

- a) Union list (only Central Government has power of legislation)
- b) State list (only State Government has power of legislation)
- c) Concurrent list (both Central and State Government can pass legislation).

To enable parliament to formulate by law principles for determining the modalities of levying the Service Tax by the Central Govt. & collection of the proceeds there of by the Central Govt. & the State, the amendment vide constitution (95<sup>th</sup> amendment) Act, 2003 has been made. Consequently, new article 268 A has been inserted for Service Tax levy by Union Govt., collected and appropriated by the Union Govt., and amendment of seventh schedule to the constitution, in list I-Union list after entry 92B, entry 92C has been inserted for taxes on services as well as in article 270 of the constitution the clause (1) article 268A has been included.

#### **Please Contact If Any Query**

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