



IT PAYS TO KNOW

CA R G Sarda

NO SERVICE TAX ON COMMISSION PAID TO DIRECTOR/ MANAGING DIRECTOR (WHOLE TIME & INDEPENDENT)

Applicability of service tax on commission paid to directors and managing directors under "Business Auxiliary Services" and "Management Consultant Services" has been examined by CBEC. It has been clarified that the commission paid is not the

"commission" within the scope of business auxiliary services and also not covered under management consultancy services as the directors perform management function and they do not perform consultancy or advisory function.

(Source: Circular No 115/09/2009-ST dated 31.07.09)

