

Service Tax on Foreign Exchange Transactions

In terms of Govt. of India Notification No 26/2011 issued by the Ministry of Finance , Department of Revenue, Government of India, Service tax will be payable on the services rendered by the Banks for purchase or sale of foreign currency.

The revised rates of service tax vide Govt. of India Notification No 03/2012 on the transactions relating to Purchase or Sale/Conversion of foreign exchange w.e.f. 01.04.2012 is as follows:

Sr No	Value of Foreign Exchange /Currency (in INR) (Per Transaction)	Service Tax Applicable w.e.f.01/04/2012 (Per Transaction)
1.	Up to ₹ 1,00,000/-	0.12% of the amount of currency, subject to minimum of ₹ 30/- (Plus 2% EC & 1% SHEC)
2.	From ₹ 1,00,001/- to ₹ 10,00,000/-	₹120 +0.06% of the amount of currency exceeding ₹1,00,000/- (Plus 2% EC & 1% SHEC)
3.	Above ₹ 10,00,000/-	₹660 +0.012% of the amount of currency exceeding ₹10,00,000/- Subject to maximum of ₹ 6000/- (Plus 2% EC & 1% SHEC)