

ASSOCIATION OF MUTUAL FUNDS IN INDIA

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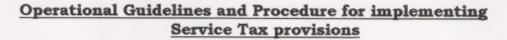
A. P. KURIAN CHAIRMAN

135/BP/09-A/05-06

April 4, 2005

To all AMFI members.

AMFI Best Practices Guidelines Circular no. 09/2005-06



Please refer to the above circular dated April 1, 2005.

On the advice of our Tax Consultant, we request you to kindly substitute clause D.9 of the circular with the following:

D.9 The AMCs/MFs are required to deduct and pay Service Tax from April 1, 2005. However, brokerages for the mobilization done prior to this date and paid after 1.4.2005 will also be subject to Service Tax but the liability to pay the same will continue to be on MF Distributors/Agents since the Budgetary amendments i.e. in Notification No. 36/2004-ST dated 31.12.2004 by Notification No. 5/2005-ST dated 1.3.2005 and in Rule 2 (1)(d) of STR vide Notification No. 7/2005-ST dated 1.3.2005 are effective from 1.4.2005 only. Moreover, the taxable event for the levy of Service Tax is the 'provision of taxable service' and not the 'payment or collection of Service Tax'.

Thank you and with regards,

Yours sincerely,

A.P. Kurian