



BANK OF BAHRAIN & KUWAIT B.S.C.

IMPORTANT – CHANGES IN LEVY OF SERVICE TAX FOR FX TRANSACTIONS WITH EFFECT FROM 1st APRIL 2011.

As per the recent notification issued by I.T department, all the Forex transactions involving Money changing activity (Multi currency deal) will be subject to Service tax as detailed hereunder.

- The value of Service tax would be calculated as under:
 - Up to `1.lac : 0.1% of the gross amount with minimum of `.25.
 - Above `.1 and upto `.10 Lacs : `.100 plus 0.05% on balance amount over and above `1 lac
 - Above `.10 lacs : `.550/- plus 0.01% on balance amount over and above ` 10 lacs with a maximum of ` 5000/-

{Gross amount for the above purpose is bank's rate multiplied by the quantity of currency in exchange}

The Service tax is applicable for all customer based FX transactions, including Exchange House Deals.

Please note that the calculation as per Option II will give service tax liability @ 10% only.

Balance 3.00% has to be charged on the amount determined as service tax liability as the total service tax liability is 10.30%.