

SERVICE TAX PROPOSALS – AT A GLANCE

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NEW SERVICES

- PROMOTION, MARKETING OR ORGANISING OF GAMES OF CHANCE INCLUDING LOTTERY [65(105) (zzzzn)];
- HEALTH CHECK UP UNDERTAKEN BY HOSPITALS OR MEDICAL ESTABLISHMENTS FOR EMPLOYEES OF BUSINESS ENTITIES AND

HEALTH CHECK UP PROVIDED UNDER HEALTH INSURANCE SCHEMES OFFERED BY INSURANCE COMPANIES [65 (105) (zzzzo); (Applicable only for the amounts paid by the business entities or insurance companies directly to the hospital or medical establishments)
- MAINTENANCE OF MEDICAL RECORDS OF EMPLOYEES OF A BUSINESS ENTITY [65 (105) (zzzzp)];
- PROMOTING OF A 'BRAND' OF GOODS, SERVICES, EVENTS, BUSINESS ENTITY ETC., [65 (105) (zzzzq)];
- PERMITTING COMMERCIAL USE OR EXPLOITATION OF ANY EVENT ORGANISED BY A PERSON OR ORGANISATION [65 (105) (zzzzr)];
- SERVICES PROVIDED BY ELECTRICITY EXCHANGES [65 (105) (zzzzs)];
- SERVICES RELATED TO TWO TYPES OF COPYRIGHTS (NOT COVERED IN 'IPR') ON a. CINEMATOGRAPHIC FILMS AND b. SOUND RECORDING [65 (105) (zzzzt)];
- SPECIAL SERVICES SUCH AS PREFERENTIAL LOCATION OR EXTERNAL OR INTERNAL DEVELOPMENT OF COMPLEXES ON EXTRA

CHARGES PROVIDED BY A BUILDER TO THEIR PROSPECTIVE BUYERS [65 (105) (zzzzu)]

THE ABOVE SERVICES WOULD BE BROUGHT INTO EFFECT FROM A DATE TO BE NOTIFIED LATER.

AMENDMENT TO EXISTING SERVICES:

- AIR PASSENGER TRANSPORT SERVICES EXPANDED TO INCLUDE DOMESTIC JOURNEYS AND INTERNATIONAL JOURNEYS IN ANY CLASS;
- IT SERVICES TO INCLUDE EVEN OTHER THAN BUSINESS OR COMMERCE;
- COMMERCIAL TRAINING OR COACHING SERVICES [65 (105) (zzc)] TO INCLUDE COACHING OR TRAINING FOR A CONSIDERATION WHETHER OR NOT ON A PROFIT MOTIVE – THIS AMENDMENT IS WITH RETROSPECTIVE EFFECT FROM 1.7.2003;
- 'SPONSORSHIP SERVICE' [65 (105) (zzzn)] NOT TO EXCLUDE SPORTS ANYMORE;
- IN CONSTRUCTION OF COMPLEX [65 (105) (zzzh)] AND COMMERCIAL OR INDUSTRIAL SERVICES [65 (105) (zzq)] UNLESS THE ENTIRE CONSIDERATION IS RECEIVED AFTER THE ISSUE OF COMPLETION CERTIFICATE BY COMPETENT AUTHORITY, SERVICE TAX WOULD BE APPLICABLE;
- RENTING OF IMMOVABLE PROPERTY : RENTING ITSELF WOULD BE TAXABLE WITH EFFECT FROM 1.06.07 AND RENTING OF VACANT LAND FOR THE PURPOSE OF CONSTRUCTION UNDER AN AGREEMENT OR CONTRACT FOR CONSTRUCTION OF BUILDINGS OR STRUCTURES FOR FURTHERANCE OF BUSINESS OR COMMERCE

DURING THE TENURE OF LEASE WOULD BY SUBJECTED TO SERVICE TAX;

- FOR AIRPORT [65 (105) (zzm)], PORT SERVICES [65 (105) (zn)] OTHER PORT SERVICES [65 (105) (zzl)]: TO INCLUDE ALL SERVICES PROVIDED ENTIRELY WITHIN THE AIRPORT/PORT AND THAT THE AUTHORISATION FROM THE RESPECTIVE AUTHORITY IS NOT REQUIRED ANYMORE;
- AUCTIONEER'S SERVICES [65 (105) (zzzr)] : CHANGE IN DEFINITION OF 'AUCTION BY GOVERNMENT' TO MEAN AUCTION INVOLVING SALE OF GOVERNMENT PROPERTY BY ANY AUCTIONEER AND NOT WHEN THE GOVERNMENT ACTS AS AN AUCTIONEER FOR SALE OF THE PRIVATE PROPERTY;
- MANAGEMENT OF INVESTMENT UNDER ULIP SERVICE [65 (105) (zzzt)] : VALUE FOR ANY YEAR OF OPERATION OF POLICY SHALL BE ACTUAL AMOUNT CHARGED BY THE INSURER FOR MANAGEMENT OF FUNDS UNDER ULIP OR THE MAXIMUM AMOUNT OF FUND MANAGEMENT CHARGES FIXED BY IRDA, WHICHEVER IS HIGHER

(WOULD BE EFFECTIVE FROM A DATE TO BE NOTIFIED AFTER THE ENACTMENT OF THE FINANCE BILL 2010.)

SERVICE TAX AND INTEREST PAID BEFORE THE ISSUANCE OF NOTICE WOULD NOT BE SUBJECTED TO PENALTY. INSERTED BY WAY OF EXPLANATION TO SECTION 73(3). WITH EFFECT FROM ENACTMENT;

THE DEFINITION OF 'BUSINESS ENTITY' TO INCLUDE AN ASSOCIATION OF PERSONS, BODY OF INDIVIDUALS, COMPANY OR FIRM BUT TO EXCLUDE AN INDIVIDUAL – TO BE EFFECTIVE FROM A DATE TO BE NOTIFIED.

EXEMPTIONS:

- STATUTORY TAXES CHARGED BY GOVT (INCLUDING FOREIGN GOVERNMENTS WHERE A PASSENGER DISEMBARKS) ON AIR PASSENGERS TO BE EXCLUDED FROM TAXABLE VALUE – NOTIFICATION NO.15/2010 ST DT 27.2.2010;
- ECI TO EXCLUDE THE FOLLOWING
 - ❖ MECHANISED FOOD GRAINS HANDLING SYSTEMS ETC.,;
 - ❖ EQUIPMENT FOR SETTING UP OR SUBSTANTIAL EXPANSION OF COLD STORAGE; AND
 - ❖ MACHINERY/EQUIPMENT FOR INITIAL SETTING UP OR SUBSTANTIAL EXPANSION OF UNITS FOR PROCESSING OF AGRICULTURAL, APIARY, HORTICULTURAL, DAIRY, POULTRY, ACQUATIC, MARINE OR MEAT PRODUCTS;
 - NOTIFICATION NO.12/2010 ST DT,27.02.2010;
- PACKAGED IT SOFTWARE, PRE-PACKED IN RETAIL PACKAGES FOR SINGLE USE, SUBJECT TO CONDITIONS i.e., IF CUSTOMS DUTY ON IMPORTATION OR EXCISE DUTY ON MANUFACTURE IS PAID – NOTIFICATION NO.17 & 2/2010 ST DT.27.02.2010;
- GTA TO ALSO EXCLUDE FOOD GRAINS AND PULSES – NOTIFICATION NO.4/2010 ST DT.27.2.2010;
- INDIAN NEWS AGENCIES EXCLUDED FROM ONLINE INFORMATION AND DATABASE RETRIEVAL SERVICE AND BUSINESS AUXILIARY SERVICE SUBJECT TO CONDITIONS – NOTIFICATION NO.13/2010 ST DT.27.2.2010;
- SERVCES PROVIDED BY CENTRAL AND STATE SEED TESTING LABORATORIES AND CENTRAL AND STATE SEED CERTIFICATION AGENCIES UNDER TT&A SERVICES AND TI&C SERVICES – NOTIFICATION NO.10/2010 ST DT.27.2.2010;

- TRANSMISSION OF ELECTRICITY EXEMPTED – NOTIFICATION NO.11/2020 ST DT.27.2.2010

AMENDMENTS OR WITHDRAWALS OF EXISTING EXEMPTIONS:

- TRANSPORT OF GOODS BY RAIL WILL HENCEFORTH BE TAXABLE – NOTIFICATION NO.7/2010 ST DT.27.2.2010. THE EXEMPTION WITHDRAWN VIDE NOTIFICATION NO.36/2009 ST DT.9.09.2009 IS RESTORED. AN ABATEMENT OF 70% OF THE GROSS VALUE OF THE FREIGHT CHARGED ON GOODS (OTHER THAN EXEMPTED GOODS) IS BEING EXTENDED; THE ABATEMENT NOTIFICATION NO.9/2010 ST DT.27.2.2010. THESE CHANGES TO COME FROM 1.4.2010;
- EXEMPTION UNDER COMMERCIAL TRAINING AND COACHING SERVICES AVAILABLE ONLY FOR VOCATIONAL TRAINING INSTITUTES WHICH MEANS THOSE INSTITUTIONS WHICH ARE AFFILIATED TO NATIONAL COUNCIL OF VOCATIONAL TRAINING AND OFFERING COURSES COVERED UNDER SCHEDULE I OF THE APPRENTICES ACT, 1961. NOTIFICATION NO.3/2010 ST DT.27.2.2010.
- EXEMPTION TO GROUP PERSONAL ACCIDENT SCHEME PROVIDED BY GOVT OF RAJASTHAN WITHDRAWN – NOTIFICATION NO.5/2010 ST DT.27.2.2010;
- NOTIFICATION NO.1/2002 ST DT.1.3.2002 SUPERCEDED BY NOTIFICATION NO.14/2010 ST DT.27.02.2010 TO PROVIDE CONSTRUCTION AND OPERATION OF INSTALLATIONS, STRUCTURES AND VESSELS FOR THE PURPOSES OF PROSPECTING OR EXTRACTION OR PRODUCTION OF MINERAL OILS AND NATURAL GAS IN THE EXCLUSIVE ECONOMIC ZONE AND THE CONTINENTAL SHELF OF INDIA AND SUPPLY OF ANY GOODS

CONNECTED WITH THESE ACTIVITIES WOULD BE WITHIN THE PURVIEW OF THE PROVISIONS OF CHAPTER V OF THE FINANCE ACT, 1994.

- SIMILAR CHANGES MADE IN THE DEFINITION OF 'INDIA' IN EXPORT OF SERVICE RULES, 2005 AND IMPORT OF SERVICES RULES, 2006 - NOTIFICATION NOS.6/2010 AND 16/2010 BOTH DT.27.2.2010;

AMENDMENT TO EXPORT OF SERVICE RULES, 2005;

- 'MANDAP KEEPER' SERVICE SHIFTED FROM RULE 3(1)(ii) TO RULE 3(1)(i) (IMMOVABLE PROPERTY RELATED SERVICES);
- CHARTERED ACCOUNTANT, COST ACCOUNTANT AND COMPANY SECRETARY'S SERVICES SHIFTED FROM RULE 3(1)(ii) TO RULE 3(1)(iii) (RESIDUAL CATEGORY OF SERVICES) - NOTIFICATION NO.16/2010 ST DT.27.2.2010;
- 'SUCH SERVICE IS PROVIDED FROM INDIA AND USED OUTSIDE INDIA' MENTIONED IN RULE 2(a) HAS BEEN DELETED - NOTIFICATION NO.6/2010 ST DT.27.2.2010

AMENDMENT TO NOTIFICATION NO.5/2006-CE(NT) DT.14.3.2006:

- IN FORM 'A' IN SUB-CLAUSE (a) 'USED IN' HAS BEEN REPLACED WITH 'USED IN OR IN RELATION TO';
- IN SUB-CLAUSE (b) 'USED IN' BEEN REPLACED WITH 'USED FOR';
- THE CLAUSE (A) AND (B) TO BE OMITTED;
- NEW CLAUSE (DD) HAS BEEN INSERTED AFTER CLAUSE (D) IN A TABLE, WHICH HAS TO BE AUTHORISED BY THE BOARD OF DIRECTORS, PROPRIETOR OR ANY PARTNER IF THE AMOUNT OF CLAIM IS RS.5 LAKHS AND A CERTIFICATE BY A CHARTERED ACCOUNTANT IN CASE THE CLAIM IS MORE THAN RS.5 LAKHS