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PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

Notification No. 29/2012- Service Tax

New Delhi, the 20th June, 2012

G.S.R.....(E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), and in supersession of the Government of India in the Ministry of Finance (Department of Revenue) notification No. 24/2007-Service Tax, dated the 22nd May, 2007, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 370 (E), dated the 22nd May, 2007, except as respects things done or omitted to be done before such supersession, the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service of renting of an immovable property, from so much of the service tax leviable thereon under section 66B of the said Finance Act, as is in excess of the service tax calculated on a value which is equivalent to the gross amount charged for renting of such immovable property less taxes on such property, namely property tax levied and collected by local bodies:

Provided that any amount such as interest, penalty paid to the local authority by the service provider on account of delayed payment of property tax or any other reasons shall not be treated as property tax for the purposes of deduction from the gross amount charged:

Provided further that wherever the period for which property tax paid is different from the period for which service tax is paid or payable, property tax proportionate to the period for which service tax is paid or payable shall be calculated and the amount so calculated shall be excluded from the gross amount charged for renting of the immovable property for the said period, for the purposes of levy of service tax.

Example:

Property tax paid for April to September = Rs. 12,000/-

Rent received for April = Rs. 1, 00,000/-

Service tax payable for April = Rs. 98,000/- $(1, 00,000 - 12,000/6) * \text{applicable rate of service tax}$

2. This notification shall come into force on the 1st day of July, 2012.

[F.No. 334 /01/2012- TRU]

(Raj Kumar Digvijay)

Under Secretary to the Government of India