

## MEGA EXEMPTIONS

### **1. What are the mega exemptions introduced vide Notification No. 25/2012-ST, dated 20.6.2012?**

*Exemption in respect of following services has been introduced vide Notification No. 25/2012-ST dated 20.06.2012:-*

- 1) Services provided to the United Nations or a specified international organization;*
- 2) Health care services by a clinical establishment, an authorized medical practitioner or para-medics;*
- 3) Services by a veterinary clinic in relation to health care of animals or birds;*
- 4) Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of charitable activities;*
- 5) Services by a person by way of:—*
  - a) renting of precincts of a religious place meant for general public; or*
  - b) conduct of any religious ceremony.*
- 6) Services provided by—*
  - a) an arbitral tribunal to—*
    - i. any person other than a business entity; or*
    - ii. a business entity with a turnover up to rupees ten lakh in the preceding financial year;*
  - b) an individual as an advocate or a partnership firm of advocates by way of legal services to,—*
    - i. an advocate or partnership firm of advocates providing legal services;*
    - ii. any person other than a business entity; or*
    - iii. a business entity with a turnover up to rupees ten lakh in the preceding financial year; or*
  - c) a person represented on an arbitral tribunal to an arbitral tribunal.*
- 7) Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organization approved to conduct clinical trials by the Drug Controller General of India;*
- 8) Services by way of training or coaching in recreational activities relating to arts, culture or sports.*
- 9) Services provided to or by an educational institution in respect of education exempted from service tax, by way of,-*

- a) *auxiliary educational services; or*
- b) *renting of immovable property;*

10) *Services provided to a recognized sports body by—*

- a) *an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body.*
- b) *another recognized sports body;*

11) *Services by way of sponsorship of sporting events organized,—*

- a) *by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;*
- b) *by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympics Committee of India or Special Olympics Bharat;*
- c) *by Central Civil Services Cultural and Sports Board;*
- d) *as part of national games, by Indian Olympic Association; or*
- e) *under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;*

12) *Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of—*

- a) *a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;*
- b) *a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);*
- c) *a structure meant predominantly for use as*
  - i. *an educational,*
  - ii. *a clinical, or*
  - iii. *an art or cultural establishment;*
- d) *canal, dam or other irrigation works;*
- e) *pipeline, conduit or plant for*
  - i. *water supply*
  - ii. *water treatment, or*
  - iii. *sewerage treatment or disposal; or*
- f) *a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the **Explanation** 1 to clause 44 of section 65 B of the said Act;*

13) *Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,—*

- a) a road, bridge, tunnel, or terminal for road transportation for use by general public;
  - b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;
  - c) a building owned by an entity registered under [section 12 AA](#) of the Income tax Act, 1961 (43 of 1961) and meant predominantly for religious use by general public;
  - d) a pollution control or effluent treatment plant, except located as a part of a factory; or
  - e) a structure meant for funeral, burial or cremation of deceased;
- 14) Services by way of construction, erection, commissioning, or installation of original works pertaining to,—
- a) an airport, port or railways, including monorail or metro;
  - b) a single residential unit otherwise than as a part of a residential complex;
  - c) low- cost houses up to a carpet area of 60 square meters per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;
  - d) post- harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or
  - e) mechanized food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;
- 15) Temporary transfer or permitting the use or enjoyment of a copyright covered under clause (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;
- 16) Services by a performing artist in folk or classical art forms of
- a) music, or
  - b) dance, or
  - c) theatre, excluding services provided by such artist as a brand ambassador;
- 17) Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;
- 18) Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having declared tariff of a unit of accommodation below rupees one thousand per day or equivalent;
- 19) Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having
- i. the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and
  - ii. a license to serve alcoholic beverages;
- 20) Services by way of transportation by rail or a vessel from one place in India to another of

*the following goods—*

- a) petroleum and petroleum products falling under Chapter heading 2710 and 2711 of the First Schedule to the [Central Excise Tariff Act, 1985 \(5 of 1986\)](#);*
  - b) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;*
  - c) defense or military equipments;*
  - d) postal mail or mail bags;*
  - e) household effects;*
  - f) newspaper or magazines registered with the Registrar of Newspapers;*
  - g) railway equipments or materials;*
  - h) agricultural produce;*
  - i) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or*
  - j) chemical fertilizer and oilcakes*
- 21) Services provided by a goods transport agency by way of transportation of—*
- a) fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;*
  - b) goods where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or*
  - c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;*
- 22) Services by way of giving on hire:—*
- a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or*
  - b) to a goods transport agency, a means of transportation of goods;*
- 23) Transport of passengers, with or without accompanied belongings, by:—*
- a) air, embarking or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; or*
  - b) a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire;*
  - c) ropeway, cable car or aerial tramway;*
- 24) Services by way of motor vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;*
- 25) Services provided to Government, a local authority or a governmental authority by way of—*
- a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy,*

*solid waste management or slum improvement and upgradation; or*

*b) repair or maintenance of a vessel or an aircraft;*

*26) Services of general insurance business provided under following schemes:—*

*a) Hut Insurance Scheme;*

*b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);*

*c) Scheme for Insurance of Tribals;*

*d) Janata Personal Accident Policy and Gramin Accident Policy;*

*e) Group Personal Accident Policy for Self-Employed Women;*

*f) Agricultural Pumpset and Failed Well Insurance;*

*g) premia collected on export credit insurance;*

*h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;*

*i) Jan Arogya Bima Policy;*

*j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);*

*k) Pilot Scheme on Seed Crop Insurance;*

*l) Central Sector Scheme on Cattle Insurance;*

*m) Universal Health Insurance Scheme;*

*n) Rashtriya Swasthya Bima Yojana; or*

*o) Coconut Palm Insurance Scheme;*

*27) Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-*

*a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and*

*b) a period of three years has not been elapsed from the date of entering into an agreement as an incubatee;*

*28) Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution—*

*a) as a trade union;*

*b) for the provision of carrying out any activity which is exempt from the levy of service tax; or*

*c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;*

*29) Services by the following persons in respective capacities—*

- a) *sub-broker or an authorised person to a stock broker;*
  - b) *authorised person to a member of a commodity exchange;*
  - c) *mutual fund agent to a mutual fund or asset management company;*
  - d) *distributor to a mutual fund or asset management company;*
  - e) *selling or marketing agent of lottery tickets to a distributor or a selling agent;*
  - f) *selling agent or a distributor of SIM cards or recharge coupon vouchers;*
  - g) *business facilitator or a business correspondent to a banking company or an insurance company, in a rural area; or*
  - h) *sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;*
- 30) *Carrying out an intermediate production process as job work in relation to—*
- a) *agriculture, printing or textile processing;*
  - b) *cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985 (5 of 1986);*
  - c) *any goods on which appropriate duty is payable by the principal manufacturer; or*
  - d) *processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;*
- 31) *Services by an organizer to any person in respect of a business exhibition held outside India;*
- 32) *Services by way of making telephone calls from:—*
- a) *departmentally run public telephones;*
  - b) *guaranteed public telephones operating only for local calls; or*
  - c) *free telephone at airport and hospitals where no bills are being issued;*
- 33) *Services by way of slaughtering of bovine animals;*
- 34) *Services received from a provider of service located in a non- taxable territory by—*
- a) *Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;*
  - b) *an entity registered under section 12AA of the Income tax Act, 1961 (43 of*

*1961) for the purposes of providing charitable activities; or*

*c) a person located in a non-taxable territory;*

- 35) Services of public libraries by way of lending of books, publications or any other knowledge- enhancing content or material;*
- 36) Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);*
- 37) Services by way of transfer of a going concern, as a whole or an independent part thereof;*
- 38) Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;*
- 39) Services by a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.*

## **2. What are the relevant definitions for the purpose of Mega exemption?**

*For the purpose of these exemptions, unless the context otherwise requires,*

- a) "Advocate" has the meaning assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961);*
- b) "appropriate duty" means duty payable on manufacture or production under a Central Act or a State Act, but shall not include 'Nil' rate of duty or duty wholly exempt;*
- c) "arbitral tribunal" has the meaning assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 (26 of 1996);*
- d) "authorized medical practitioner" means a medical practitioner registered with any of the councils of the recognized system of medicines established or recognized by law in India and includes a medical professional having the requisite qualification to practice in any recognized system of medicines in India as per any law for the time being in force;*
- e) "authorized person" means any person who is appointed as such either by a stock broker (including trading member) or by a member of a commodity exchange and who provides access to trading platform of a stock exchange or a commodity exchange as an agent of such stock broker or member of a commodity exchange;*
- f) "auxiliary educational services" means any services relating to imparting any skill, knowledge, education or development of course content or any other knowledge – enhancement activity, whether for the students or the faculty, or any other services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person, including services relating to admission to such institution, conduct of examination, catering for the students under any mid-day meals scheme sponsored by Government, or transportation of students, faculty or staff of such institution;*
- g) "banking company" has the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934 (2 of 1934);*

- h) *"brand ambassador"* means a person engaged for promotion or marketing of a brand of goods, service, property or actionable claim, event or endorsement of name, including a trade name, logo or house mark of any person;
- i) *"business facilitator or business correspondent"* means an intermediary appointed under the business facilitator model or the business correspondent model by a banking company or an insurance company under the guidelines issued by Reserve Bank of India;
- j) *"clinical establishment"* means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases;
- k) *"charitable activities"* means activities relating to—
- (i) public health by way of—
    - (a) care or counseling of (i) terminally ill persons or persons with severe physical or mental disability, (ii) persons afflicted with HIV or AIDS, or (iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
    - (b) public awareness of preventive health, family planning or prevention of HIV infection;
  - (ii) advancement of religion or spirituality;
  - (iii) advancement of educational programmes or skill development relating to,—
    - (a) abandoned, orphaned or homeless children;
    - (b) physically or mentally abused and traumatized persons;
    - (c) prisoners; or
    - (d) persons over the age of 65 years residing in a rural area;
  - (iv) preservation of environment including watershed, forests and wildlife; or
  - (v) advancement of any other object of general public utility up to a value of,—
    - (a) eighteen lakh and seventy five thousand rupees for the year 2012-13 subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during 2011-12;
    - (b) twenty five lakh rupees in any other financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year;
- l) *"commodity exchange"* means an association as defined in section 2 (j) and recognized under section 6 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952);
- m) *"contract carriage"* has the meaning assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);
- n) *"declared tariff"* includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities,

*but without excluding any discount offered on the published charges for such unit;*

- o) "distributor or selling agent" has the meaning assigned to them in clause (c) of the rule 2 of the Lottery (Regulation) Rules, 2010 notified by the Government of India in the Ministry of Home Affairs, published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), **vide** number G.S.R. 278(E), dated the 1st April, 2010 and shall include distributor or selling agent authorized by the lottery- organizing State;*
- p) "general insurance business" has the meaning assigned to it in clause (g) of section 3 of General Insurance Business (Nationalization) Act, 1972 (57 of 1972);*
- q) "general public" means the body of people at large sufficiently defined by some common quality of public or impersonal nature;*
- r) "goods carriage" has the meaning assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);*
- s) "governmental authority" means a board, or an authority or any other body established with 90% or more participation by way of equity or control by Government and set up by an Act of the Parliament or a State Legislature to carry out any function entrusted to a municipality under article 243W of the Constitution;*
- t) "health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognized system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma;*
- u) "incubatee" means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products;*
- v) "insurance company" means a company carrying on life insurance business or general insurance business;*
- w) "legal service" means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority;*
- x) "life insurance business" has the meaning assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938);*
- y) "original works" means has the meaning assigned to it in [Rule 2A](#) of the [Service Tax \(Determination of Value\) Rules, 2006](#);*
- z) "principal manufacturer" means any person who gets goods manufactured or processed on his account from another person;*

- za) *"recognized sports body" means—*
- (i) the Indian Olympic Association,*
  - (ii) Sports Authority of India,*
  - (iii) a national sports federation recognized by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations,*
  - (iv) national sports promotion organizations recognized by the Ministry of Sports and Youth Affairs of the Central Government,*
  - (v) the International Olympic Association or a federation recognized by the International Olympic Association or*
  - (vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;*
- (zb) *"religious place" means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;*
- (zc) *"residential complex" means any complex comprising of a building or buildings, having more than one single residential unit;*
- (zd) *"rural area" means the area comprised in a village as defined in land revenue records, excluding—*
- (i) the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or*
  - (ii) any area that may be notified as an urban area by the Central Government or a State Government;*
- (ze) *"single residential unit" means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family;*
- (zf) *"specified international organization" means an international organization declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply;*
- (zg) *"state transport undertaking" has the meaning assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988);*
- (zh) *"sub-broker" has the meaning assigned to it in sub-clause (gc) of clause 2 of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992;*
- (zi) *"trade union" has the meaning assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926 (16 of 1926).*