Mega Exemption 25/2012 purpose only.

Paragraph-2

Definitions. - For the purpose of this notification, 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.

(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.

(d) **"authorised medical practitioner"** means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognized by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force;

(e) **"authorised 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;

(g) **"banking company"** has the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act,1934.

(ga) Basic Savings Bank Deposit Account means a Basic Savings Bank Deposit Account opened under the guidelines issued by Reserve Bank of India relating thereto; **(21.10.2015)**

(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, spirituality **or yoga (21.10.2015)**;

(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~~

(l) **"commodity exchange"** means an association as defined in section 2 (j) and recognized under section 6 of the Forward Contracts (Regulation) Act,1952

(m) **"contract carriage"** has the meaning assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 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 authorised by the lottery- organising State.

(oa) **"educational institution"** means an institution providing services specified in clause (l) of section 66D of the Finance Act,1994. **(11.07.2014)**

(p) **"general insurance business"** has the meaning assigned to it in clause (g) of section 3 of General Insurance Business (Nationalisation) Act, 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.

(s) **"governmental authority"** means an authority or a board or any other body;

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by Government,

with 90% or more participation by way of equity or control, to carry out any function entrusted to a municipality under article 243W of the Constitution;'**(30.01.2014)**

(t) **"health care services"** means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised 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) recognised 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.

(xa) "life micro-insurance product" shall have the meaning assigned to it in clause (e) of regulation 2 of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations, 2005. **(11.07.2014)**

(xaa) "national park' has the meaning assigned to it in the clause (21) of the section 2 of The Wild Life (Protection) Act, 1972. **(01.03.2015).**

(xab) "online information and database access or retrieval services" has the same meaning as assigned to it in clause (ccd) of sub-rule 1 of rule 2 of the Service Tax Rules, 1994.(**01.12.2016)**

(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) "radio taxi" means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS); **(11.07.2014)**

(zaa) "recognised sports body" means – (i) the Indian Olympic Association, (ii) Sports Authority of India, (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliated federations, (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government, (v) the International Olympic Association or a federation recognised 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;‟. (**11.07.2014)**

(zab) "recognised sporting event" means any sporting event, -

(i) organised by a recognised sports body where the participating team or individual represent any district, state, zone or country;

(ii) covered under entry 11. **(01.06.2015)**

(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-

the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or any area that may be notified as an urban area by the Central Government or a State Government;

(zdd) "senior advocate‟ has the meaning assigned to it in section 16 of the Advocates Act, 1961 **(01.04.2016)**

(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;

(zfa) "specified organisation" shall mean, -

(a) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or

(b) 'Committee' or 'State Committee' as defined in section 2 of the Haj Committee Act, 2002. **(20.08.2014)**

(zg)"state transport undertaking" has the meaning assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 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) "tiger reserve" has the meaning assigned to it in clause (e) of section 38K of the Wild Life (Protection) Act, 1972 . **(01.04.2015)**

(zj) "trade union" has the meaning assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926. **(01.04.2015)**

(zk) "wildlife sanctuary" means sanctuary as defined in the clause (26) of the section 2 of The Wild Life (Protection) Act, 1972. **(01.04.2015)**

(zl) "zoo" has the meaning assigned to it in the clause (39) of the section 2 of the Wild Life (Protection) Act, 1972. **(01.04.2015)**

Mega Exemption NOTIFICATION NO 25/2012

the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the following taxable services leviable thereon under section 66B of the said Act,

1. Services provided to the United Nations or a specified international organization;

2. (i) Health care services by a clinical establishment, an authorised medical practitioner or para-medics;

(ii) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above.

2A. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation

2B. Services provided by operators of the Common Bio-medical Waste Treatment Facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.

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 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,

- owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961(hereinafter referred to as the Income-tax Act), or
- a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or
- a body or an authority covered under clause (23BBA) of section 10 of the Income-tax Act; or **(w.e.f.06-09-2016)**

(b) Conduct of any religious ceremony.

Circular No – 200/10/2016 dated 06.09.2016 clarifies that the immovable property located in the immediate vicinity and surrounding of the religious place and owned by the religious place or under same management as the religious place, may be considered as being located in the precincts of the religion place and extended the benefit of exemption.

5A. Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement.

6. Services provided by-

(a) an arbitral tribunal to - (i) any person other than a business entity; or	**(b)** a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to-	**(c)** a senior advocate by way of legal services to-

(ii) a business entity with a turnover up to rupees 10 lakh in the preceding financial year;	(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 10 lakh in the preceding financial year; or (**w.e.f.01.04.16)**	(i) any person other than a business entity; or (ii) a business entity with a turnover up to rupees 10 lakh in the preceding financial year.

<u>Circular No.193/03/2016-Service Tax dated 18.05.2016</u>

1. It may be noted that the services provided or agreed to be provided by an arbitral tribunal to a business entity (turnover exceeding Rs 10 lakh) located in the taxable territory, is taxable under reverse charge mechanism and recipient of service is liable to discharge service tax liability [Rule 2(d)(D)(I) of Service Tax Rules, 1994 and Notification No. 30/3012 – ST (Sl. No. 4) refer

2. Services are provided or agreed to be provided by the panel of arbitrators, as comprising the several natural persons on the said panel, to the business entity or to the arbitration institution approached by the business entity for purposes of arbitration. The liability to discharge service tax is on the service recipient, if it is a business entity located in the taxable territory with a turnover exceeding rupees 10 lakh in the preceding financial year.

3. In view of the above, it is clarified that Service Tax liability for services provided by an arbitral tribunal (including the individual arbitrators of the tribunal) shall be on the service recipient if it is a business entity located in the taxable territory with a turnover exceeding rupees 10 lakh in the preceding financial year.

8. Services by way of training or coaching in recreational activities relating to arts, culture or sports;

9. Services provided, -

(a) **by an** educational institution to its students, faculty and staff.	(b) **to an** educational institution, by way of, - (i) transportation of students, faculty and staff. (ii) catering, including any mid-day meals scheme sponsored by the Government. (iii) security or cleaning or house-keeping services performed in such educational institution. (iv) services relating to admission to, or conduct of examination by, such institution. **Provided** that nothing contained in clause (b) of this entry shall apply to an educational institution other than an institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

9A. Any services provided by, _

(i) the National Skill Development Corporation set up by the Government of India;	(ii) a Sector Skill Council approved by the National Skill Development Corporation;	(iii) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;	(iv) a training partner approved by the National Skill Development Corporation or the Sector Skill Council in relation to (a) the National Skill Development Programme implemented by the National Skill Development Corporation; or (b) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (c) any other Scheme implemented by the National Skill Development Corporation.

9B. Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, ***except*** Executive Development Programme, -

(a) 2year full time ~~residential~~ Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by IIM.	(b) fellow programme in Management.	(c) 5 year integrated programme in Management.

9C. services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under Skill Development Initiative (SDI) Scheme; (**01.04.16)**

9D. services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana(DDUGKY) under the Ministry of Rural Development by way of offering skill or vocational training courses certified by National Council for Vocational Training.

10. Services provided to a recognised 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 recognised sports body;

11. Services by way of sponsorship of sporting events organised, -

(a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone or **Country.**

(b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic 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 Kreeda 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) ***~~

(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.

~~(c) ***~~

(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

Circular No 199/09/2016 dated 22.08.2016 For the purpose of water supply –

Water supply is a general phrase. Basically, it will involve providing users, access to source of water. The source may be natural or artificial like tanks, wells, tube wells etc. Providing users access to such a source will involve construction of the source (if artificial) and the transmission of water to the user. It will involve activities like drilling. Laying of pipes, values, gauges etc. fitting of motors, testing etc. so as to eventually result in supply of water. Similarly, the word plant has to be understood and interpreted with reference to the context. A plant for supply need not necessarily involve a huge assembly of machinery and apparatus for the reason explained earlier.

In that word ***construction of tube wells*** will also be included and it is hereby exempted.

~~(f) ***~~

12A. 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 structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or

(c) 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; under a contract which had been entered into prior to the 01.03.2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:

provided that nothing contained in this entry shall apply on or after the 01.04.2020. **(w.e.f.01.03.2016)**

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;

Thus, construction of roads which are not for general public use e.g. construction of roads in a factory, residential complex would be taxable

(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;

(ba) a civil structure or any other original works pertaining to the „In-situ rehabilitation of existing slum dwellers using land as a resource through private participation "under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers. (**01.03.16)**

(bb) a civil structure or any other original works pertaining to the „Beneficiaryled individual house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana. **(01.03.16)**

(c) a building owned by an entity registered under section 12 AA of the Income Tax Act, 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 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) railways, excluding monorail and metro;

<u>Explanation. -</u>The services by way of construction, erection, commissioning or installation of original works pertaining to monorail or metro, where contracts were entered into before 01.03.2016, on which appropriate stamp duty, was paid, shall remain exempt. **(01.03.16)**

(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 metres 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;

(ca) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under:

(i) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;

(ii) any housing scheme of a State Government. **(01.03.16)**

(d) Post- harvest storage infrastructure for agricultural produce including cold storages for such purposes; or

(e) Mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;

14A. Services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port provided under a contract which had been entered into prior to 01.03.2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:

provided that Ministry of Civil Aviation or the Ministry of Shipping in the Government of India, as the case may be, certifies that the contract had been entered into before the 01.03.2015.

provided further that nothing contained in this entry shall apply on or after the 01.04.2020. (**w.e.f.01.03.2016)**

15. Services provided by way of temporary transfer or permitting the use or enjoyment of a copyright, -

(a) Covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957, relating to original literary, dramatic, musical or artistic works; or

(b) Of cinematograph films for exhibition in a cinema hall or cinema theatre;

Illustrations

1. Sur Music Company (SMC) recorded a song for which they have the copyright. Whether SMC would be taxable for its activity of distributing music?

The music company **would be required to pay service tax** as the copyright relating to sound recording falls under clause (c) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 i.e. sound recording.

2. Ram Prasad is a composer of a song having the copyright for his song. He allowed the recording of the song on payment of some royalty by Kaveri Music Company for further distribution, is he required to pay service tax on the royalty amount received from Kaveri Music Company?

No, as the copyright relating to original work of composing song falls under clause (a) of subsection (1) of section 13 of the Indian Copyright Act, 1957 which is exempt from service tax.
An author having copy right of a book written by him would not be required to pay service tax on royalty amount received from the publisher for publishing the book. A person having the copyright of a cinematographic film would also not be required to pay service tax on the amount received from the film exhibitors for exhibiting the cinematographic film in cinema theatres.

16. Services by an artist by way of a performance in folk or classical art forms of

(i) Music, or

(ii) Dance, or

(iii) Theatre, if the consideration charged for such performance is not more than 1,50,000 rupees:

Provided that the exemption shall not apply to service 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 a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below Rs.1000 per day or equivalent.

Significance of declared tariff: The relevance of declared tariff is in determining the liability to pay service tax on renting of a hotel, inn, guest house, club, campsite for residential or lodging purposes as exemption is available where declared tariff of a unit of accommodation is below Rs.1,000 per day or equivalent. However, the tax will be liable to be paid on the amount actually charged i.e. declared tariff (-) any discount offered. Thus if the declared tariff is Rs.1100/-, but actual room rent charged is Rs.800/-, tax will be
required to be paid on Rs.800/-. When the declared tariff is revised as per the tourist season, the liability to pay tax shall be only on the declared tariff for the accommodation where the published/printed tariff is above Rs.1000/- However, the revision in tariff should be made uniformly applicable to all customers and declared when such change takes place.

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.

19. Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having the facility of air conditioning or central air-heating in any part of the establishment, at any time during the year;

	Doubts **Circular No.173/8/2013 – ST 07.10.13**	Clarifications
1.	In a complex where air conditioned as well as non-air conditioned restaurants are operational but food is sourced from the common kitchen, will service tax arise in the non-air conditioned restaurant?	Services provided in relation to serving of food or beverages by a restaurant, eating joint or mess, having the facility of air conditioning or central air heating in any part of the establishment, at any time during the year (hereinafter referred as 'specified restaurant') attracts service tax. In a complex, if there is more than one restaurant, which are clearly demarcated and separately named but food is sourced from a common kitchen, only the service provided in the specified restaurant is liable to service tax and service provided in a non-air-conditioned or non-centrally air- heated restaurant will not be liable to service tax. In such cases, service provided in the non-air-conditioned / non-centrally air-heated restaurant will be treated as exempted service and credit entitlement will be as per the Cenvat Credit Rules.
2.	In a hotel, if services are provided by a specified restaurant in other areas e.g. swimming pool or an open area attached to the restaurant, will service tax arise?	Yes. Services provided by specified restaurant in other areas of the hotel are liable to service tax.
3.	Whether service tax is leviable on goods sold on MRP basis across the counter as part of the Bill/invoice.	If goods are sold on MRP basis (fixed under the Legal Metrology Act) they have to be excluded from total amount for the determination of value of service portion.

19A. Services provided in relation to serving of food or beverages by a canteen maintained in a factory covered under the Factories Act, 1948, having the facility of air-conditioning or central air-heating at any time during the year.

20. Services by way of **transportation by rail or a vessel** from one place in India to another of the following goods -

~~(a) **~~

(b) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;

(c) defence or military equipment's;

~~(d) ***~~

~~(e) ***~~

(f) newspaper or magazines registered with the Registrar of Newspapers;

(g) railway equipment's or materials;

(h) agricultural produce;

(i) milk, salt and food grain including flours, pulses and rice.

(j) chemical fertilizer, organic manure and oil cakes.

(k) cotton, ginned or baled.

21. Services provided by a **goods transport agency**, by way of transport in a goods carriage of, -

(a) agricultural produce;

(b) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;

(c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;

(d) milk, salt and food grain including flours, pulses and rice.

(e) chemical fertilizer, organic manure and oil cakes.

(f) newspaper or magazines registered with the Registrar of Newspapers;

(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or

(h) defence or military equipment's;

(i) cotton, ginned or baled.

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 from 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.	(b) non-air conditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or"; **(11.07.2014)**
(bb) stage carriage other than air-conditioned stage carriage **(w.e.f.01.06.2016)**	~~(c) ropeway, cable car or aerial tramway; **(omitted w.e.f.01.03.2016)**~~

23A. Services provided to the Government by way of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating at a Regional Connectivity Scheme Airport, against consideration in the form of Viability Gap Funding (VGF):

Provided that nothing contained in this entry shall apply on or after the expiry of a period of one year from the date of commencement of operations of the Regional Connectivity Scheme Airport as notified by the Ministry of Civil Aviation.

~~24. ***~~

25. Services provided to Government, a local authority or a governmental authority by way of -

(a) water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation; or

(b) repair or maintenance of a vessel.

<u>Circular No 199/09/2016 dated 22.08.2016</u> For the purpose of water supply –   Water supply is a general phrase. Basically, it will involve providing users, access to source of water. The source may be natural or artificial like tanks, wells, tube wells etc. Providing users access to such a source will involve construction of the source (if artificial) and the transmission of water to the user. It will involve activities like drilling. Laying of pipes, values, gauges etc. fitting of motors, testing etc. so as to eventually result in supply of water. Similarly, the word plant has to be understood and interpreted with reference to the context. A plant for supply need not necessarily involve a huge assembly of machinery and apparatus for the reason explained earlier.   In that word ***construction of tube wells*** will also be included and it is hereby exempted.

26. Services of **general insurance business** provided under following schemes – **(17 ITEMS)**

(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;
(p) Pradhan Mantri Suraksha Bima Yojna; **(30.04.2015)**	(q) Niramaya‟ Health Insurance Scheme implemented by Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 **(01.03.2016)**	

26A. Services of **life insurance business** provided under following schemes – **(6 ITEMS)**

(a) Janashree Bima Yojana (JBY); or	(b) Aam Aadmi Bima Yojana (AABY);	(c) life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of 50000 rupees.

(d) Varishtha Pension BimaYojana;	(e) Pradhan Mantri Jeevan Jyoti Bima Yojana;	(f) Pradhan Mantri Jan Dhan Yogana;

26B Services by way of collection of contribution under Atal Pension Yojana (APY).

26C. Services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013.

26D. Services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.

27. Services provided by an incubatee up to a total turnover of 50 lakh rupees in a financial year subject to the following conditions, namely: -

(a) the total turnover had not exceeded 50 lakh rupees during the preceding financial year; and

(b) a period of 3 years has not been elapsed from the date of entering into an agreement as an incubatee;

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.

Notification no 32/2012-ST dated 20.06.2012 AMENDED VIDE NOTIFICATION NO 12/2016 DATED 01.03.2016

the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts taxable services, provided or to be provided, by a Technology Business Incubator (TBI) or a 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 or bio-incubators recognized by the Biotechnology Industry Research Assistance Council, under Department of Biotechnology, Government of India, from the whole of the service tax leviable thereon under section 66B of the said Finance Act, subject to following conditions, namely:-

1. that the STEP or the TBI or the bio incubator, who intends to avail the exemption, shall furnish the requisite information in Format I below containing the details of the incubator along with the information in Format II below received from each incubatee to the concerned Assistant Commissioner or the Deputy Commissioner of Central Excise, as the case may be, before availing the exemption; and
2. that the STEP or the TBI or the bio incubator shall furnish the information in the said Format I and Format II in the same manner before the 30th day of June of each financial year.

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 Rs.**5000 per month per member** for sourcing of goods or services from a 3rd person for the common use of its members in a housing society or a residential complex;

(i) In a residential complex, monthly contribution collected from members is used by the RWA for the purpose of making payments to the third parties, in respect of commonly used services or goods

[Example: for providing security service for the residential complex, maintenance or upkeep of common area and common facilities like lift, water sump, health and fitness centre, swimming pool, payment of electricity Bill for the common area and lift, etc.]. Is service tax leviable? **Circular No.175 /01 /2014 – ST dt 10.01.2014**

Exemption at Sl. No. 28 (c) in notification No. 25/2012-ST is provided specifically with reference to service provided by an unincorporated body or a non-profit entity registered under any law for the time being in force such as RWAs, to its own members.

However, a monetary ceiling has been prescribed for this exemption, calculated in the form of five thousand rupees per month per member contribution to the RWA, for sourcing of goods or services from third person for the common use of its members.

(ii) If the contribution of a member/s of a RWA exceeds five thousand rupees per month, how should the service tax liability be calculated?

If per month per member contribution of any or some members of a RWA exceeds five thousand rupees, the entire contribution of such members whose per month contribution exceeds five thousand rupees would be ineligible for the exemption under the said notification. Service tax would then be leviable on the aggregate amount of monthly contribution of such members.

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;**(01.04.2015)**~~

~~(d) distributor to a mutual fund or asset management company;**(01.04.2015)**~~

~~(e) selling or marketing agent of lottery tickets to a distributer or a selling agent;**(01.04.2015)**~~

(f) selling agent or a distributer of SIM cards or recharge coupon vouchers;

(g) business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch.

(ga) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in clause (g). **(21.10.2015)**

(gb) business facilitator or a business correspondent to an insurance company in a rural area; **(21.10.2015)** 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;

(c) any goods **excluding alcoholic liquors for human consumption,** 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 up to an aggregate value of taxable service of the specified processes of Rs.150 lakhs in a financial year subject to the condition that such aggregate value had not exceeded Rs.150 lakh rupees during the preceding financial year;

Paddy milled into rice, on job work basis is exempt from service tax since such milling of paddy is an intermediate production process in relation to agriculture [Circular No.177/03/2014 ST dated 17.02.2014].

31. Services by an organiser to any person in respect of a business exhibition held outside India;

33. Services by way of slaughtering of 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 for the purposes of providing charitable activities; or

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

Provided that the exemption shall not apply to

(a) online information and database access or retrieval services received by persons specified in clause (a) or (b).

(b) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India (**This proviso is w.e.f.22.01.2017)**

35. Services of public libraries by way of lending of books, publications or any other knowledge- enhancing content or material.

36. Services by ESIC to persons governed under the Employees' Insurance Act, 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 Government, a local authority or a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.

40. Services by way of loading, unloading, packing, storage or warehousing of rice, cotton, ginned or baled;

41. Services received by the RBI, from outside India in relation to management of foreign exchange reserves;

42. Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.

43. Services by operator of Common Effluent Treatment Plant by way of treatment of effluent;

44. Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;

45. Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo; **(01.04.2015)**

46. Service provided by way of exhibition of movie by an exhibitor to the distributor or an association of persons consisting of the exhibitor as one of its members.

47. Services by way of right to admission to, -

(i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet;

(ii) recognised sporting event;

(iii) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission is not more than Rs.500 per person.

48.

Services provided by Government or a local authority	to a business entity with a turnover up to rupees 10 lakh in the preceding financial year. **(01-04-2016)**

<u>Explanation. -</u> For the purposes of this 48th entry, it is hereby clarified that the provisions of this entry shall not be applicable to the following services, namely: -

(a) services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994. **(Negative list).**

(b) services by way of renting of immovable property. **(Negative list).**

49.

Services provided by Employees Provident Fund Organisation (EPFO)	to persons governed under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. **(01-04-2016)**

50.

Services provided by Insurance Regulatory and Development Authority of India (IRDA)	Services provided by IRDA to insurers under the IRDA Act, 1999. **(01-04-2016)**

51.

Services provided by Securities and Exchange Board of India (SEBI) set up under the SEBI Act, 1992	by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market. **(01-04-2016)**

52. Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination. **(01-04-2016)**

53.

Services by way of transportation of goods	by an aircraft	from a place outside India up to the customs station of clearance in India. **(w.e.f.01-06-2016)**

54. Services provided by Government or a local authority to another Government or local authority:

Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994;

55.

Services provided by Government or a local authority	by way of issuance of passport, visa, driving licence, birth certificate or death certificate;

56. Services provided by Government or a local authority where the gross amount charged for such services does not exceed Rs.5000/-:

Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994:	**Provided further** that in case where continuous supply of service, as defined in clause (c) of rule 2 of the Point of Taxation Rules, 2011, is provided by the Government or a local authority, the exemption shall apply only where the gross amount charged for such service does not exceed Rs. 5000/- in a financial year;

57.

Services provided by Government or a local authority	by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable	to the Government or the local authority under such contract;

58. Services provided by Government or a local authority by way of-

(a) registration required under any law for the time being in force;	(b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under any law for the time being in force;

59.

Services provided by Government or a local authority	by way of assignment of right to use natural resources	to an individual farmer for the purposes of agriculture;

60.

Services by Government, a local authority or a governmental authority	by way of any activity in relation to any function	entrusted to a Panchayat under article 243G of the Constitution;

61.

Services provided by Government or a local authority	by way of assignment of right to use any natural resource	where such right to use was assigned by the Government or the local authority before the 01.04.2016.

Provided that the exemption shall apply only to service tax payable on one time charge payable, in full upfront or in instalments, for assignment of right to use such natural resource;

62.

Services provided by Government or a local authority	by way of allowing a business entity to operate as a telecom service provider or use radiofrequency spectrum during the period prior to 01.04.2016 on payment of licence fee or spectrum user charges, as the case may be;

63. Services provided by Government by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges (MOT).

64. Services by an acquiring bank, to any person in relation to settlement of an amount up to Rs.2000 in a single transaction transacted through credit card, debit card, charge card or other payment card service.

Explanation. — For the purposes of this entry, "acquiring bank" means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card."

Other important points

Example to entry 47: -

1. Service tax to be levied on service by way of admission to entertainment event of concerts, pageants, musical performances concerts, award functions and sporting events other than the recognized sporting event, if the amount charged is more than Rs. 500 for right to admission to such an event. However, the existing exemption, by way of the Negative List entry, to service by way of admission to entertainment event, namely, exhibition of cinematographic film, circus, recognized sporting event, dance, theatrical performance including drama and ballet shall be continued, through the route of exemption. For this purpose, a new entry is being inserted in notification No. 25/12-ST. The term recognized sporting event has been defined

2. Now with the omission of entry 66D (j) the events are taxable

Service Tax shall be levied on the service provided by way of access to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks.

3. Analysis of amendment in entry no **30(c)**

Service Tax shall be levied on contract manufacturing/job work for production of potable liquor for a consideration.

In negative list also it is excluded + in definition covered in 65B (40) also it is excluded.

Circular No. 192/02/2016-Service Tax DATED 13.04.2016

Clarification on issues regarding levy of Service Tax on the services provided by Government or a local authority to business entities

Any service provided by Government or a local authority to a business entity has been made taxable w.e.f 01.04.2016.

Sl.No	Issue	Clarification
1	Services provided by Government or a local authority to another Government or a local authority	Such services have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 54 refers].** However, the said exemption does not cover services specified in sub-clauses

		(i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994.
2	Services provided by Government or a local authority to an individual who may be carrying out a profession or business.	1. Services by way of grant of passport, visa, driving license, birth or death certificates have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 55 refers].** 2. Further, for services provided upto a taxable value of Rs 5000/-, Sl. No. 5 below may please be seen.
3	Service Tax on taxes, cesses or duties.	Taxes, cesses or duties levied are not consideration for any particular service as such and hence not leviable to Service Tax. These taxes, cesses or duties include excise duty, customs duty, Service Tax, State VAT, CST, income tax, wealth tax, stamp duty, taxes on professions, trades, callings or employment, octroi, entertainment tax, luxury tax and property tax.
4	Service Tax on fines and penalties.	1. It is clarified that fines and penalty chargeable by Government or a local authority imposed for violation of a statute, bye-laws, rules or regulations are not leviable to Service Tax. 2. Fines and liquidated damages payable to Government or a local authority for non-performance of contract entered into with Government or local authority have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 57 refers].**
5	Services provided in lieu of fee charged by Government or a local authority.	It is clarified that any activity undertaken by Government or a local authority against a consideration constitutes a service andthe amount charged for performing such activities is liable to Service Tax. It is immaterial whether such activities are undertaken as a statutory or mandatory requirement under the law and irrespective of whether the amount charged for such service is laid down in a statute or not. As long as the payment is made (or fee charged) for getting a service in return (i.e., as a quid pro quo for the service received), it has to be regarded as a consideration for that service and taxable irrespective of by what name such payment is called. It is also clarified that Service Tax is leviable on any payment, in lieu of any permission or license granted by the Government or a local authority. **2.** However, services provided by the Government or a local authority by way of: (i) registration required under the law; (ii) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under the law, have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 58 refers].** **3.** Further, services provided by Government or a local authority where the gross amount charged for such service does not exceed Rs 5000/- have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 [Entry 56 refers]. However, the said exemption does not cover servicesspecified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the

		Finance Act, 1994. Further, in case of continuous service, the exemption shall be applicable where the gross amount charged for such service does not exceed Rs. 5000/- in a financial year. **4.** It is also clarified that Circular No. 89/7/2006-Service Tax dated 18-12-2006 & and Reference Code 999.01/23.8.07 in Circular No. 96/7/2007-ST dated 23.8.2007 issued in the pre-negative list regime are no longer applicable.
6	Services in the nature of allocation of natural resources by Government or a local authority to individual farmers.	Services by way of allocation of natural resources to an individual farmer for the purposes of agriculture have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 59 refers].** Such allocations/auctions to categories of persons other than individual farmers would be leviable to Service Tax.
7	Services in the nature of change of land use, commercial building approval, utility services provided by Government or a local authority.	Regulation of land-use, construction of buildings and other services listed in the Twelfth Schedule to the Constitution which have been entrusted to Municipalities under Article 243W of the Constitution, when provided by governmental authority are already exempt under Notification No. 25/2012 – ST dated 20.6.2012. The said services when provided by Government or a local authority have also been exempted from Service Tax vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 39 refers].**
8	Services provided by Government, a local authority or a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under Article 243G of the Constitution.	Such services have been exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 60 refers].**
9	Whether Service Tax is payable on yearly instalments due after 1.4.2016 in respect of spectrum assigned before 1.4.2016.	Service Tax is payable on such installments in view of rule 7 of Point of Taxation Rules, 2011 as amended by vide Notification No. 24/2016 – ST dated 13.4.2016. However, the same have been specifically exempted vide Notification No. 25/2012 – ST dated 20.6.2012 as amended by Notification No. 22/2016 – ST dated 13.4.2016 **[Entry 61 refers].** The exemption shall apply only to Service Tax payable on one-time charge, payable in full upfront or in instalments, for assignment of right to use any natural resource and not to any periodic payment required to be made by the assignee, such as Spectrum User Charges, license fee in respect of spectrum, or monthly payments with respect to the coal extracted from the coal mine or royalty payable on extracted coal which shall be taxable.

NOTIFICATION No. 41/2016-Service Tax dated 22nd September, 2016

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts taxable service provided by State Government Industrial Development Corporations/ Undertakings to industrial units by way of granting long term (30 years, or more) lease of industrial plots from so much of service tax leviable thereon under section 66B of the said Act, as is leviable on the one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for such lease.

Clarification Circular No.206/4/2017-Service Tax dated 13.04.2017

1. the importer of goods as defined in the Customs Act, 1962 has been made liable for paying service tax in cases of services of transportation of goods by sea provided by a foreign shipping line to a foreign charterer with respect to goods destined for India. This change shall come into effect from 23rd April, 2017.

2. the person liable to pay service tax has been provided an alternate mechanism for calculating and paying service tax. Swachh Bharat Cess and Krishi kalyan Cess will be paid accordingly. This option has been made available with effect from 22nd January, 2017.

3. the point of taxation of services provided by a foreign shipping line to foreign charterer with respect to goods destined for India, has been specified as the date of bill of lading of goods in the vessel at the port of export. This option will be available with effect from 22nd January, 2017. Thus, no service tax is leviable if the bill of lading is of date prior to 22nd January, 2017.

4. the importer of the goods has been allowed to avail Cenvat credit on the basis of the challan of payment of service tax by the said importer on the services provided by a foreign shipping line to a foreign charterer with respect to goods destined for India. This change shall come into effect from 23rd April, 2017.

5. In addition, Swachh Bharat Cess and Krishi kalyan Cess will be paid accordingly [ST @1.4% of Customs value of goods, Swachh Bharat Cess and Krishi Kalyan Cess each @ 0.05% of Customs value of goods]. This option has been made available with effect from 22nd January, 2017.

6. It is pertinent to point out here that under notification No. 26/2012-ST dated 20.06.2012 (Sl. No. 10), there is an exemption on 70% of value of services of transportation of goods in a vessel subject to the fulfillment of the condition that Cenvat credit on inputs and capital goods used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. This conditional exemption has been extended for the reason that out of the full value of such services, the exempted value of service has already suffered taxes (Central Excise) which would have been available as Cenvat credit to set off service tax on full value of service. In effect, service tax is levied on the value added only. However, in case of foreign shipping lines, their services being exports from their home country, are zero-rated in their home country and thus have suffered no taxes. Further the foreign shipping lines do not get registered in India and do not follow the provisions of Cenvat Credit Rules.

7. Thus, the condition for availing exemption under notification No. 26/2012-ST dated 20.06.2012 (Sl. No. 10) is not fulfilled by the foreign shipping lines. Hence, benefit of conditional exemption will not be available to them and service tax will be paid on full value of services. Further, the amount of service tax payable under the option available under Service Tax Rules, 1994 has been prescribed accordingly.