

STUDY NOTE -8

TAXABLE SERVICES

This Study Note includes

• Taxability of Various Kind of Services		
• Description of service	• Coverage	• Exclusions/Exemptions
• Advertising agency	• Statutory coverage • “advertisement” includes any notice, circular, label, wrapper, document, hoarding or any other audio or visual representation made by means of light, sound, smoke or gas [Section 65(2)] • Service connected with the making, preparation, display or exhibition of advertisement taxable. • Services of advertising consultant. Taxable [Section 65(3)] • Case Law/Board Circulars • Tax only on commission, not on advertisement charges paid to media or TV	• Exclusions • Sale of space or time for advertisement taxable under different head. • Space selling taxable under BAS • Preparing sign board or hoardings not taxable. • Exemptions • See for general exemptions Study Note-7.
• Air transport of passengers embarking for international travel	• Statutory coverage • Service in relation to scheduled or non-scheduled air transport of such passenger embarking in India for international journey, in any class other than economy class. • Case Law/Board Circulars • Tax is payable for entire journey even if there is stop over in between. • In case of round trip or return ticket, service tax is payable on total value of ticket.	• Exclusions • Economy class passengers are excluded. • Exemptions • See for general exemptions Study Note-7.

• Airport Services	• Statutory coverage • Service by airports authority or any person authorised by it, in an airport or a civil enclave. • Case Law/Board Circulars • Services statutorily provided by AAI as stated in MF(DR) circular No. B2/8/2004-TRU dated 10-9-2004 are only taxable.	• Exemptions • See for general exemptions Study Note -7
• Air travel agent	• Statutory coverage • Service in relation to the booking of passage for travel by air. • Case Law/Board Circulars • Tax is payable only on commission and other charges but relating to booking of passage for air travel.	• Exclusions • Services of GSA (General Sales Agent) appointed by foreign airlines are taxable under 'Business Auxiliary Service' and not under Air Travel Agent Service. • Valuation • Air travel agent has option to pay service tax @ 0.60% of basic fare in case of domestic booking and @ 1.20% of the basic fare in case of international bookings, of passage for travel by air. In addition, education cess @ 2% and SAH education cess @ 1% will be payable. • Exemptions • See for general exemptions Study Note - 7
• Architect	• Statutory coverage • Services in the field of architecture. • Case Law/Board Circulars • Designing or planning of construction of buildings, bridges, dams etc. and its supervision	• Exclusions • Actual execution of work is not Architect's services. • Interior design may be covered only to the extent of architecture. • No tax on material, furniture and temporary structures • Exemptions • See for general exemptions Study Note - 7

Asset Management including portfolio management	Statutory coverage □ Asset management including portfolio management and all forms of fund management. Case Law/Board Circulars □ Services provided by individual service providers especially to high net worth individuals taxable.	Exclusions □ Services by banking company or a financial institution, NBFC or any other body corporate or commercial concern taxable under 'Banking and other Financial Services' Exemptions □ See for general exemptions Study Note - 7
ATM operations, maintenance or management	Statutory coverage □ Automated teller machine (ATM) operations, maintenance or management service, in any manner □ Includes site selection, contracting of location, acquisition, financing, installation, certification, connection, maintenance, transaction processing, cash forecasting, replenishment, reconciliation and value-added services [section 65(9b)]	Exclusions □ No service tax on cash withdrawn from ATM. Exemptions See for general exemptions Study Note - 7
Auctioneers' Service	Statutory coverage □ Service in relation to auction of property, movable or immovable, tangible or intangible □ Calling the auction or providing a facility, advertising or illustrating services, pre-auction price estimates, short-term storage services, repair or restoration services in relation to auction of property [section 65(7a)]	Exclusions □ Auction of property under the directions or orders of a court of law or auction by the Government excluded. Exemptions □ See for general exemptions Study Note -7

Authorised service station (Motor car / Two-wheelers / LMV)	Statutory coverage • Service by an authorised service station, in relation to any service, repair, reconditioning or restoration of motor cars, light motor vehicles or two wheeled motor vehicles, in any manner. • Light Motor Vehicle (LMV) means any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers, <i>excluding</i> the driver [section 65(62)] Case Law/Board Circulars • Free service to our customers for which reimbursement obtained from manufacturers is taxable. • Service tax payable on spare parts used during provision of service - Ref Code 036.03/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007 [doubtful]	Exclusions • Service provided at the time of purchase of new vehicle is not liable to tax. • Service to transport vehicle, buses, trucks, omnibus, road-roller, tractor, or invalid carriage is not covered Exemptions See for general exemptions Study Note - 7
Banking and Financial services	Statutory coverage • Service by a banking company or a financial institution including NBFC, or any other body corporate or <i>commercial concern</i>, is taxable. • Financial leasing services including equipment leasing and hire-purchase. • Merchant banking services • Securities and foreign exchange (forex) broking; • Asset management including portfolio management, all forms of fund management, pension fund management, custodial, depository and trust services	Exclusions • Hire purchase finance not taxable – <i>Bajaj Auto Finance v. CCE</i> (2007) 9 STT 569 (CESTAT). • Money changers who buys and sells foreign exchange without charging commission or brokerage is not liable - Ref Code 034.01/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007.

• Advisory and other auxiliary financial services including investment and portfolio research and advice, advice on mergers and acquisitions and advice on corporate restructuring and strategy • Provision and transfer of information and data processing; • Banker to an issue services • Other specified financial services [section 65(12)] Case Law/Board Circulars • Cash management taxable • Business chit funds are taxable - CBE&C Ref Code 034.04/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007	• Stock Exchanges, commodity exchanges, stock clearing house services not liable – CBE&C letter No. 137/57/2006-CX.4 dated 18-5-2007 • Simple chit funds not taxable but business chit funds taxable - CBE&C Ref Code 034.04/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007 • No service tax on entry and exit load charged by mutual fund to the investor Exemptions • Services provided to Government for tax collection exempt - Notification No. 13/2004-ST dated 10-9-2004. • Services provided by RBI exempt –Notification No. 22/2006-ST dated 31-5-2006. • No service tax on interest charged by service provider - rule 6(2)(iv) • See for general exemptions Study Note - 7
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Beauty treatment	Statutory coverage - Services includes hair cutting, hair dyeing, hair dressing, face and beauty treatment, cosmetic treatment, manicure, pedicure or counselling services on beauty, face care or make-up or such other similar services [section 65(17)]. Case Law/Board Circulars - Materials used such as cosmetics and toilet preparations are includible for valuation	Exclusions - No tax on plastic surgery - CBE&C circular No. B.11/1/2002-TRU dated 1-8-2002. Exemptions - See for general exemptions Study Note - 7
Broadcasting	Statutory coverage - Service by a broadcasting agency or organisation in relation to broadcasting - In the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes service provided by its branch office or subsidiary or representative in India or any agent appointed in India. - Services of selling of time slots for broadcasting of any programme or obtaining sponsorships for programme and collecting broadcasting charges is a taxable service. [section 65(16)]	Exemptions - Exemption to services by digital cinema service provider to distributor or producer - Notification No. 12/2007-Service Tax dated 01.03.2007. - See for general exemptions Study Note - 7

Business auxiliary services	Statutory coverage • Promotion or marketing or sale of goods produced or provided by or belonging to the client • Promotion or marketing of service provided by the client • any customer care service provided on behalf of the client • procurement of goods or services, which are inputs for the client • production or processing of goods for, or on behalf of, the client • provision of service on behalf of the client • a service incidental or auxiliary to any activity specified above, such as billing, issue or collection or recovery of cheques, payments, maintenance of accounts and remittance, inventory management, evaluation or development of prospective customer or vendor, public relation services, management or supervision. • services as a commission agent [section 65(19)]	Exclusions • ‘Information Technology Service’ means any service in relation to (a) designing or developing of computer software, or (b) system networking, or (c) any other service primarily in relation to operation of computer systems, is excluded. • Activity that amounts to “manufacture” within the meaning of section 2(f) of the Central Excise Act is excluded. Exemptions • The services of production or processing of goods in relation to agriculture, printing, textile processing or education are fully exempt [Notification No. 14/2004-ST dated 10-9-2004].
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	Case Law/Board Circulars Job work liable to service tax, but job work done under Cenvat provisions exempt. Job work not taxable if it amounts to 'manufacture'.	- Job work exempt if the goods after processing are returned back to client (raw material supplier) for use in or in relation to manufacture of 'other goods' by the client. The 'other goods' should be such that appropriate duty should be payable on such goods - notification No. 8/2005-ST dated 1-3-2005. - Job workers of parts and accessories of cycles, cycle rickshaws and
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business exhibition	Statutory coverage - An exhibition, — (a) to market; or (b) to promote; or (c) to advertise; or (d) to showcase, - - - any product or service, intended for the growth in business of the producer or provider of such product or service [section 65(19a)] Case Law/Board Circulars - Organizers of events such as trade fairs, road shows, fashion shows, display show-cases kept in airports, railway stations, hotels etc. would be covered under this new levy.	Exemptions See for general exemptions Study Note - 7
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Business Support Services	Statutory coverage • Services provided in relation to business or commerce • Evaluation of prospective customers, telemarketing, processing of purchase orders and fulfilment services, information and tracking of delivery schedules, managing distribution and logistics, customer relationship management services, accounting and processing of transactions, operational assistance for marketing, formulation of customer service and pricing policies • Infrastructural support services • Other transaction processing [section 65(104c)]	Exemptions • See for general exemptions Study Note - 7
Cable	Statutory coverage • Service provided by cable operator, including multi-system operator • transmission by cables of a programme including retransmission by cable of any broadcast television signals is taxable [section 65(22)]. Case Law/Board Circulars • Broadcasting services provided by cable operators are also taxable. • Service tax is not leviable on entertainment tax levied by State Government, if it is shown separately in the Bill of cable operator to the customer - CBE&C circular No. B.11 / 1 / 2002-TRU dated 1-8-2002.	Exemptions See for general exemptions Study Note - 7

Cargo handling	Statutory coverage • Loading, unloading, packing or unpacking of cargo • Cargo handling services provided for freight in special containers or for non-containerised freight • Services provided by a container freight terminal or any other freight terminal, for all modes of transport	Exclusions • Handling of export cargo or passenger baggage is excluded. • Mere transportation of goods excluded. Exemptions • Cargo handling services relating to
Cleaning Activity	Statutory coverage • Cleaning • specialised cleaning services • disinfecting, exterminating or sterilising of objects or premises, of — (i) commercial or industrial buildings and premises thereof; or (ii) factory, plant or machinery, tank or reservoir of such commercial or industrial buildings and premises [section 65(24b)]	Exclusions • Services in relation to agriculture, horticulture, animal husbandry or dairying • ‘Cleaning’ of goods i.e. movable property will not be taxable under this head • Cleaning of residential buildings and premises has been excluded from the provisions Exemptions • See for general exemptions Study Note - 7
Clearing & Forwarding Agent	Statutory coverage • Service, either directly or indirectly, connected with clearing and forwarding operations • It includes a consignment agent. [section 65(25)] Case Law/Board Circulars • Services of coal merchants, who are acting as buyer’s agents and carry out such jobs/ assignments as asked for by respective consumers/buyers are covered under definition of C&F Agent and are liable to service tax - CBE&C letter F No. 159 / 1 / 2003-CX.4	Exemptions • See for general exemptions Study Note - 7

	• Mere procuring or booking orders for the Principal by an agent on commission basis would not be 'Clearing and forwarding Agent service' - <i>Larsen and Toubro Ltd. v. CCE</i> (2006) 4 STT 231 (CESTAT 3 member bench) • A commission agent is not a 'C&F' agent – <i>CCE v. Chandan Chemicals</i> (2007) 9 STT 556 (CESTAT).	
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Club or Association's services	Statutory coverage • Service to members, by any club or association in relation to provision of services, facilities or advantages for a subscription or any other amount Case Law/Board Circulars • As per section 2 of Charitable Endowments Act, 1890, 'charitable purpose' includes relief to poor, education, medical relief and the advancement of any other object of general public utility, but does not include a purpose which relates exclusively to religious teaching or worship. • Service tax will be payable on life membership fees - para 10.6 of MF(DR) circular No. B1/6/2005-TRU dated 27-7-2005.	Exclusions "Club or association" does not include— (i) any body established or constituted by or under any law for the time being in force; or (ii) any person or body of persons engaged in the activities of trade unions, promotion of agriculture, horticulture or animal husbandry (iii) any person or body of persons engaged in any activity having objectives which are in the nature of public service and are of a charitable, religious or political nature (iv) any person or body of persons associated with press or media [section 65(25a)]
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		Exemptions • Exemption to Services of housing societies or Resident Welfare Associations to their members are exempt vide notification No. 8/2007-ST dated 01-03-2007, if the monthly contribution is less than Rs 3,000. • See for general exemptions Study Note - 7
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Commercial or Industrial Construction	Statutory coverage Following services used, or to be used, primarily for commerce or industry, or work intended for commerce or industry are taxable - (a) construction of a new building or a civil structure or a part thereof (b) construction of pipeline or conduit (c) completion and finishing services such as glazing, plastering, painting, floor and wall tiling, wall covering and wall papering, wood and metal joinery and carpentry, fencing and railing, construction of swimming pools, acoustic applications or fittings and other similar services, in relation to building or civil structure (d) repair, alteration, renovation or restoration of, or similar services in relation to, building or civil structure, pipeline or conduit [section 65(25b)] Case Law/Board Circulars • Educational, religious, Government buildings etc. not taxable. • If builder / promoter / developer undertakes construction work on his own without engaging the services of any other person, it is not taxable – Ref Code 079.01/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007. • Sub-contractors providing the construction services (to main contractor or to any other person) will be liable to service tax.	Exclusions • such services provided in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams [section 65(25b)] • If Vat/sales tax is payable on goods involved in the contract, the service will be classifiable under ‘works contract’ service tax. Valuation • Any person providing taxable service of commercial or industrial construction can opt to pay service tax on 33% of gross amount charged. <i>This is at the option of service provider</i> This relaxation is <i>not</i> available if only completion and finishing services are provided - Notification No. 1/2006-ST dated 1-3-2006. The partial exemption is available only if the gross amount charged includes value of goods and materials supplied or provided or used by provider of the commercial or industrial construction of service for providing such service (<i>Explanation</i> to Notification No. 1/2006-ST). <i>However, value of land is not required to be added as it is neither goods nor material.</i> Exemptions • Construction and works contract services relating to port or other port are exempt. However, services of completion and finishing, repair, alteration, renovation, restoration, maintenance or repair provided in relation to existing port or other port are not exempt - Notification No. 25/2007-ST dated 22-5-2007 • See for general exemptions Study Note - 7
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Construction of residential Complex	Statutory coverage Following services relating to construction of residential complex comprising of a building or buildings, having more than twelve residential units, a common area; and one or more common facilities – - construction of a new residential complex or a part thereof - completion and finishing services in relation to residential complex such as glazing, plastering, painting, floor and wall tiling, wall covering and wall papering, wood and metal joinery and carpentry, fencing and railing, construction of swimming pools, acoustic applications or fittings and other similar services - repair, alteration, renovation or restoration of, or similar services in relation to, residential complex [section 65(30a) and [section 65(91a)]] Case Law/Board Circulars - If builder / promoter / developer undertakes construction work on his own without engaging the services of any other person, it is not taxable – Ref Code 079.01/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007. - Sub-contractors providing the construction services (to main contractor or to any other person) will be liable to service tax.	Exclusions - A complex which is constructed by a person directly engaging any other person for designing or planning of the layout, and the construction of such complex is intended for personal use as residence by such person - “personal use” includes permitting the complex for use as residence by another person on rent or without consideration - If Vat/sales tax is payable on goods involved in the contract, the service will be classifiable under ‘works contract’ service tax. Valuation ◆ Any person providing taxable service of commercial or industrial construction can opt to pay service tax on 33% of gross amount charged. <i>This is at the option of service provider</i> This relaxation is <i>not</i> available if only completion and finishing services are provided - Notification No. 1/2006-ST dated 1-3-2006. The partial exemption is available only if the gross amount charged includes value of goods and materials supplied or provided or used by provider of the commercial or industrial construction of service for providing
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Consulting Engineer	Statutory coverage - Advice, consultancy or technical assistance in any manner in one or more disciplines of engineering including the discipline of computer hardware engineering but excluding the discipline of computer software engineering. Case Law/Board Circulars - Technical assistance, training, software support are all 'taxable services' - In <i>Nokia (I) P Ltd. v. CC</i> (2006) 3 STT 209 (CESTAT) - Services of Valuation taxable - V. <i>Shanmughavel v. CCE</i> 2001 STT 132 = 6 STT 183 = 121 Taxman 274 = 2 STR 466 (Mad HC DB) - Contract for execution of a project is not consulting engineering service - <i>Ircon International Ltd. v. CCE</i> (2005) 2 STT 264 (CESTAT). - Royalty payment for use of technology and know-how cannot be equated with any services provided by foreign collaborator. Hence, no service tax is payable on such royalty payment - <i>Navinon Ltd. v. CCE</i> (2007) 6 STT 411 = 2004 STT 601 (CESTAT).	Exclusions - Services in discipline of computer software engineering Exemptions - Cess is payable under section 3 of Research and Development Cess Act, 1986, on transfer of technology. If such cess is payable, the consulting engineer will be granted exemption from service tax to the extent of cess paid - Notification No. 18/2002-ST dated 16-12-2002. Thus, if value of service is Rs 100, tax payable is Rs 12 and cess paid is Rs 5, net service tax actually payable will be Rs 7. - See for general exemptions Study Note - 7
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Convention	Statutory coverage “Convention” means a formal meeting or assembly which is not open to the general public, but does not include a meeting or assembly, the principal purpose of which is to provide any type of amusement, entertainment or recreation [section 65(32)] Case Law/Board Circulars - Service of providing room / hall for convention, video conferencing, head projectors, LCD projector, speakers, microphones, technical staff for operating these equipments, stationery etc. is covered.	Exemptions - In case of convention services provided by any person, service tax is payable only on 60% of the gross amount charged by the service provider for providing taxable service, if the gross amount includes charges for catering services. ‘Catering service’ means supply of a substantial and satisfying meal. - Notification No. 1/2006-ST dated 1-3-2006. - See for general exemptions Study Note - 7
Courier	Statutory coverage - door-to-door transportation of time sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles [section 65(33)]. Case Law/Board Circulars - Basic postal services not taxable. However, courier services (Speed Post), insurance services (Postal Life Insurance), agency or intermediary services on commission basis which are also provided by other commercial organizations, are taxable - Ref Code 999.02/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007. - Co-loaders i.e. persons providing services to courier liable (earlier circular withdrawn)	Exclusions - Basic postal services not taxable Exemptions - See for general exemptions Study Note - 7

Credit Card, debit card, charge or other payment cards related services	Statutory coverage • Service in relation to credit card, debit card, charge card or other payment card service • Receipt and processing of application, transfer of embossing data to issuing bank's personalisation agency, automated teller machine personal identification number generation, renewal or replacement of card, change of address, enhancement of credit limit, payment updation and statement generation • settlement of any amount transacted through such card • Service by the owner of trade marks or brand name to the issuing bank under an agreement, for use of the trade mark [section 65(33a)]	Exemptions See for general exemptions Study Note - 7
Credit Rating Agency	Statutory coverage • Credit rating of any debt obligation or of any project or programme requiring finance • Credit rating of any financial obligation, instrument or security for providing a potential investor or any other person any information pertaining to the relative safety of timely payment of interest or principal [section 65(34)] Case Law/Board Circulars • Surveillance fee collected by a Credit rating agency is taxable.	Exclusions • Information and advisory services rendered, research and information such as analysis of industries in a specific sector, financial and business outlook, indexing services, macro studies, financial modelling etc. are not in relation to credit rating and hence are not taxable. Exemptions • See for general exemptions Study Note - 7

Custom House Agent	Statutory coverage Service in relation to the entry or departure of conveyances or the import or export of goods	Exemptions See for general exemptions Study Note - 7
Design Services	Statutory coverage Services provided in relation to designing of furniture, consumer products, industrial product, packages, logos, graphics, websites and corporate identity designing and production of three dimensional models [section 65(36b)] Case Law/Board Circulars Design services , other than the above specifically mentioned taxable services, like furniture design, aesthetic design, consumer or industrial products, logos, packaging, production of three dimensional models, etc. will be taxable under this category	Exclusions - Service provided by interior decorator and a fashion designer (they are covered under different head) Exemptions - See for general exemptions Study Note - 7
Development and supply of content services	Statutory coverage - Development and supply of content for use in telecommunication services, advertising agency services and on-line information and database access or retrieval services - Development and supply of mobile value added services, music, movie clips, ring tones, wall paper, mobile games, data, whether or not aggregated, information, news and animation films [section 65(36c)]	Exemptions See for general exemptions Study Note - 7

Dredging	Statutory coverage - Removal of material including, silt, sediments, rocks, sand, refuse, debris, plant or animal matter in any excavating, cleaning, deepening, widening or lengthening, either permanently or temporarily, of any river, port, harbour, backwater or estuary [section 65(36a)] Case Law/Board Circulars - Excavation of material from sea, river or lake bed and putting the excavated material elsewhere for disposal is covered.	Exemptions See for general exemptions Study Note - 7
Dry cleaning	Statutory coverage 'Dry cleaning' includes dry cleaning of apparels, garments or other textile, fur or leather articles [section 65(37)] Case Law/Board Circulars - Dry cleaning includes tagging and inspection, pre-treatment, dry cleaning and post sorting. No tax is payable on wet cleaning, i.e. cleaning with water and water soluble detergents. Service tax is also not payable on job of dyeing, darning etc. - CBE&C circular No. B.11/1/2002-TRU dated 1-8-2002.	Exemptions See for general exemptions Study Note - 7

Erection, Commissioning or installation	Statutory coverage • Erection, commissioning or installation of plant, machinery, equipment or structures, whether prefabricated or otherwise • Installation of— (a) electrical and electronic devices, including wirings or fittings therefor; or (b) plumbing, drain laying or other installations for transport of fluids; or (c) heating, ventilation or air-conditioning including related pipe work, ductwork and sheet metal work; or (d) thermal insulation, sound insulation, fire proofing or water proofing; or (e) lift and escalator, fire escape staircases or travelators; or (f) such other similar services [section 65(39a)] Case Law/Board Circulars • Supply of lift and its installation at site. It was held that it is a contract of 'sale' and not a 'works contract'. Skill and labour employed for converting the main components into lift was only incidental - <i>State of Andhra Pradesh v. Kone Elevators (India) Ltd.</i> 2005 (181) ELT 156 (SC 3 member bench). • Service tax payable even if excise duty paid on entire value of contract including erection charges – <i>Lincoln Helios (India) Ltd. v. CCE</i> (2006) 3 STT 311 (CESTAT).	Exclusions • If Vat / sales tax is payable on goods involved in the contract, the service will be classifiable under 'works contract' service tax. • Erection of Civil Structure not taxable Valuation • Value of erection, commissioning or installation may, <i>at the option of assessee</i>, be taken as 33% of gross amount of contract and service tax will be payable accordingly. The gross amount charged will include value of plant, machinery, equipment, structures, parts and other material sold - Notification No. 1/2006-ST dated 1-3-2006. Exemptions • See for general exemptions Study Note - 7
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Event management	Statutory coverage • Service provided in relation to planning, promotion, organising or presentation of any arts, entertainment, business, sports, marriage or any other event • Includes any consultation provided in this regard [section 65(40)]	Exclusions • Service tax is not leviable on sale proceeds of tickets or revenue generated from the sale of space. - CBE&C circular No. B.11/1/2002-TRU dated 1-8-2002 Exemptions • See for general exemptions Study Note - 7
Fashion designing	Statutory coverage • Any activity relating to conceptualizing, outlining, creating the designs and preparing patterns for costumes, apparels, garments, clothing accessories, jewellery or any other article intended to be worn by human beings • Any other service incidental thereto [section 65(43)]	Exclusions • If fashion designer designs and makes garments himself and sells them, there is no service tax, as he is providing designing service to himself. - - Services of tailor and jewellers are not taxable, as no designing is involved. - - CBE&C circular No. B.11/1/2002-TRU dated 1-8-2002 Exemptions • See for general exemptions Study Note - 7
Forward contract	Statutory coverage • Service by a member of a recognized association or a registered association, in relation to a forward contract. • “Forward contract” means the contract for delivery of goods at future date and which is not for ready delivery contract.	Exemptions See for general exemptions Study Note - 7

Franchise	Statutory coverage • “Franchise” means an agreement by which the franchisee is granted representational right to sell or manufacture goods or to provide service or undertake any process identified with franchisor, whether or not a trademark, service mark, trade name or logo or any such symbol, as the case may be, is involved [section 65(47)] Case Law/Board Circulars • Some well known examples of franchise are - Coca-Cola, Pepsi, NIIT, Aptech, McDonald etc. • If vocational training is provided through franchisee, the service will be taxable under ‘franchisee service’ - <i>Jetking Information Ltd. v. CCE</i> (2007) 6 STT 444 (CESTAT)	Exemptions See for general exemptions Study Note - 7
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General insurance	Statutory coverage - Services by an insurer, including re-insurer, in relation to general insurance business. Case Law/Board Circulars - No service tax if assets are in J&K – – DGST instruction No. V/DGST/03/GEN/INS/01/2004 dated 17-8-2004	Exemptions - Certain schemes like personal accident social security scheme, crop insurance, cattle insurance, janata policy, export credit insurance, insurance on export of goods from India are exempt - Notification No. 3/1994-ST dated 30-6-1994. - Jana Arogya Bima policy is exempt from service tax - Notification No. 12/1997-ST dated 14-2-1997. - Group personal accident policy for self employed women is exempt under notification No. 3/1994-ST dated 30-6-1994. Scheme of Rajasthan Government is exempt under notification No. 1/2000-ST dated 9-2-2000. (a) Cattle insurance services are exempt. - Notification No. 4/2000-ST dated 31-7-2000 (b) National Agricultural Insurance Scheme, Seed Crop Insurance, Farm Income Insurance Scheme are exempt from service tax - Notification No. 3/2000-ST dated 6-7-2000 (c) Insurance of sheep is exempt upto 31-12-2009 – Notification No. 31/2006-ST dated 11-12-2006. - General Insurance Business service provided under Universal Health Insurance Scheme is exempt from service tax - Notification No. 16/2003-ST dated 11-7-2003. - See for general exemptions Study Note - 7
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Health and fitness	Statutory coverage Service for physical well being such as, sauna and steam bath, turkish bath, solarium, spas, reducing or slimming saloons, gymnasium, yoga, meditation, massage (<i>excluding</i> therapeutic massage) or any other like service [section 65(51)]	Exclusions - Institutions conducting diploma courses in yoga and research centers do not fall in the category of health club and will not be liable to service tax. - CBE&C circular No. B.11/1/2002-TRU dated 1-8-2002 Exemptions - See for general exemptions Study Note - 7
Insurance Auxiliary (General insurance)	Statutory coverage - Service to a policy holder or any person or insurer, including re-insurer, by an actuary, or intermediary or insurance intermediary or insurance agent, in relation to insurance auxiliary services concerning general insurance business. - Risk assessment, claim settlement, survey and loss assessment [section 65(55)] Reverse charge - Person liable to pay service tax - In respect of services provided by an insurance agent, the insurance company is the 'person liable for paying the service tax'. [section 68(2) of Finance Act, 1994 read with rule 2(1)(d)(iii) of Service Tax Rules, 1994]. The service tax is payable on commission payable to the insurance agent. However, the exemption available to small service providers cannot be availed by insurance agent.	Exemptions See for general exemptions Study Note - 7

Intellectual property	Statutory coverage • Transferring temporarily; or permitting the use or enjoyment of, any intellectual property right is taxable [section 65(55b)] • “intellectual property right” means any right to intangible property, namely, trademarks, designs, patents or any other similar intangible property, under any law for the time being in force, but does not include copyright [section 65(55a)]	Exclusions • Copyright service is excluded. • Permanent transfer of Intellectual Property not taxable Exemptions • Cess is payable under section 3 of Research and Development Cess Act, 1986, on transfer of technology. If such cess is payable, the holder of intellectual property right will be granted exemption from service tax to the extent of cess paid. - Notification No. 17 / 2004-ST dated 10-9-2004. Thus, if value of service is Rs 100, tax payable is Rs 12 and cess paid is Rs 5, net service tax actually payable will be Rs 7. • See for general exemptions Study Note - 7
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Interior decorator	Statutory coverage - Planning, design or beautification of spaces, whether manmade or otherwise, in any manner - Advice, consultancy, technical assistance or in any other manner, services relating to planning, design or beautification of spaces - Landscape designer [section 65(59)] Case Law/Board Circulars - Services of vastu /Feng shui consultants are taxable - No tax on material, furniture, and temporary structures	Exemptions See for general exemptions Study Note - 7
Internet cafe	Statutory coverage Facility for accessing internet	Exemptions See for general exemptions Study Note - 7
Internet telephony service	Statutory coverage Telecommunication service through internet and includes fax, audio conferencing and video conferencing [section 65(57a)]	Exemptions See for general exemptions Study Note - 7
Life insurance	Statutory coverage - Service in relation to risk cover in life insurance. Case Law/Board Circulars - Service tax is payable on gross amount charged in respect of risk portion of insurance premium.	Valuation - As per rule 6(7A), the insurance company will have option to pay tax at flat rate of 1% of the gross premium without showing any break-up. If policy is purely risk coverage, then service tax will be at full rate on the gross premium. Exemptions - See for general exemptions Study Note - 7

Mailing list compilation and mailing	Statutory coverage • Service in relation to— (i) compiling and providing list of name, address and any other information from any source; or (ii) sending document, information, goods or any other material in a packet, by whatever name called, by addressing, stuffing, sealing, metering or mailing; for, or on behalf of the client [section 65(63a)]	Exemptions • See for general exemptions Study Note - 7
Management, Maintenance or repair	Statutory coverage • Any service provided by— (i) any person under a contract or an agreement; or (ii) a manufacturer or any person authorised by him, - - in relation to, — (a) management of properties, whether immovable or not (b) maintenance or repair of properties whether immovable or not; or (c) maintenance or repair including reconditioning or restoration, or servicing of any goods or equipment, excluding motor vehicle • “Goods” includes computer software [section 65(64)] Case Law/Board Circulars • Services relating to maintenance or management of immovable property (such as roads, airports, railways, buildings, parks, electrical installations and the like) have been covered under the purview of service tax - para 16.2 of MF(DR) circular No. B1/6/2005-TRU dated 27-7-2005 • Services provided during the warranty period by the dealer or any other authorized person is taxable - CBE&C circular No. 59/8/2003 dated 20-6-2003. • Software maintenance is taxable. • AMC contracts taxable.	Exclusions • Services to motor vehicles not taxable under this head [section 65(64)] Exemptions • See for general exemptions Study Note - 7

Management or Business Consultant	Statutory coverage • Service in connection with the management of any organisation or business in any manner • Advice, consultancy or technical assistance, in relation to financial management, human resources management, marketing management, production management, logistics management, procurement and management of information technology resources or other similar areas of management [section 65(65)]	Exclusions • Executory services would not fall under 'consultancy services' - <i>Glaxo Smithkline Pharmaceuticals v. CCE</i> (2005) 1 STT 37 (CESTAT) – quoted with approval in <i>Glaxo Smithkline Consumer Healthcare v. CCE</i> (2007) 9 STT 496 (CESTAT). Exemptions • See for general exemptions Study Note - 7
Mandap keeper	Statutory coverage • “mandap” means any immovable property and includes any furniture, fixtures, light fittings and floor coverings therein let out for consideration for organising any official, social or business function [section 65(66)] • Social function includes marriage [section 65(67)] • Service provided as a caterer are included [section 65(105)(m)] Case Law/Board Circulars • Services of hotel or restaurant will be taxable if it provides ‘mandap’ services. – view confirmed in <i>Rajmalal Hotel v. CCE</i> (2007) 6 STT 11 (CESTAT).	Exclusions In <i>Social Service League v. CCE</i> (2006) 4 STT 283 (CESTAT), it has been held that drama performances conducted in a hall or mandap will not come under mandap keeper services. In a contrary view, in <i>ADA Rangamandira Trust v. CCE</i> (2007) 8 STT 206 (CESTAT), it was held that drama, music and dance should be held as social functions. Exemptions • If the mandap keeper provides catering services also and if his bill indicates that his bill is inclusive of charges for catering services, he has to pay service tax only on 60% of his gross charges to client. Catering service means supply of food - Notification No. 1/2006-ST dated 1-3-2006. • Use of precincts of a religious place as <i>mandap</i> is exempted from service tax - notification No. 14/2003-ST dated 20-6-2003, • See for general exemptions Study Note - 7

Manpower recruitment or supply agency	Statutory coverage - Recruitment or supply of manpower, temporarily or otherwise, in any manner - Services in relation to pre-recruitment screening, verification of the credentials and antecedents of the candidate and authenticity of documents submitted by the candidate. Case Law/Board Circulars - Academic/educational institutes providing recruitment services are taxable - Ref Code 010.01/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007. - Services of labour contractors are taxable w.e.f. 16-6-2005. - Service of providing employees of Agency to business or industrial organizations for a specific period is taxable - Ref Code 010.02/23.8.07 of CBE&C Circular No. 96/7/2007-ST dated 23-8-2007.	Exemptions - See for general exemptions Study Note - 7 Valuation - Service tax is to be charged on the full amount of consideration for the supply of manpower, whether full-time or part-time. The value includes recovery of staff costs from the recipient e.g. salary and other contributions. Even if the arrangement does not involve the recipient paying these staff costs to the supplier (because the salary is paid directly to the individual or the contributions are paid to the respective authority) these amounts are still part of the consideration and hence form part of the gross amount - per MF(DR) circular No. B1/6/2005-TRU dated 27-7-2005 para 22.4 (It is difficult to agree with this view. However, if the principal employer is in a position to avail Cenvat credit, it may be advisable to pay service tax on entire amount, instead of entering into fruitless and costly litigation).
Market research agency	Statutory coverage Market research in any manner, in relation to any product, service or utility, including all types of customised and syndicated research services [section 65(69)]	Exemptions See for general exemptions Study Note - 7

Mining of mineral, oil or gas services	Statutory coverage Service in relation to mining of mineral, oil or gas.	Exemptions See for general exemptions Study Note - 7
On-line information and database access or retrieval (Computer network)	Statutory coverage - On-line information and database access or retrieval or both in electronic form through computer network - Providing data or information, retrievable or otherwise, to a customer, in electronic form through a computer network [section 65(75)] Case Law/Board Circulars - Following would be covered - (a) Internet Service Providers (ISP) (b) On line information provision and retrieval services like paid websites. However, e-commerce transactions are not covered as they do not charge surfers. - CBE&C letter No. B.II/1/2000-TRU dated 9-7-2001. - Providing matrimonial services on website is taxable – <i>prima facie</i> view in <i>Bharat Matrimony.com Pvt. Ltd. v. CST</i> (2007) 6 STT 85 (CESTAT)	Exemptions See for general exemptions Study Note - 7
Opinion poll	Statutory coverage Service designed to secure information on public opinion regarding social, economic, political or other issues [section 65(75a)]	Exemptions See for general exemptions Study Note - 7

Outdoor Caterer	Statutory coverage - Services in connection with catering at a place other than his own, but including a place provided by way of tenancy or otherwise by the person receiving such services [section 65(76a)] “Caterer” means any person who supplies, either directly or indirectly, any food, edible preparations, alcoholic or non-alcoholic beverages or crockery and similar articles or accoutrements for any purpose or occasion [section 65(24)] Case Law/Board Circulars - Supply of food to airlines for in-flight service to passengers is taxable - <i>Saj Flight Services v. Superintendent of CE</i> (2006) 3 STT 165 (Ker HC) – confirmed in <i>Saj Flight Services v. Superintendent of CE</i> (2006) 5 STT 266 (Ker HC DB) - In case of canteen in office or factory run by canteen contractor, if the service is received by the employer, it will be taxable. If the service is directly provided to employees / workmen, then the canteen should not come within the definition.	Exclusions - Home delivery of food not taxable - MF(DR) circular No. B2/8/2004-TRU dated 10-9-2004. Valuation - The outdoor caterer can opt to pay service tax on 50% of his Bill amount. He can avail this concession if following conditions are satisfied - (a) The Bill or challan issued indicates that it is inclusive of charges for supply of food (Food means a substantial and satisfying meal, only snacks are not sufficient) (b) He does not take Cenvat credit of duty / service tax paid on inputs, input services and capital goods and (c) He does not avail benefit of notification No. 12/2003-ST dated 20-6-2003 - Notification No. 1/2006-ST dated 1-3-2006. Exemptions - See for general exemptions Study Note - 7
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Packaging Activity	Statutory coverage - Packaging of goods including pouch filling, bottling, labelling or imprinting of the package [section 65(76b)] Case Law/Board Circulars - The intention seems to be to cover specialised packaging services like packing for transport etc. If packaging results in manufacture of new Article, excise duty will become payable.	Exclusions - Any packaging activity that amounts to ‘manufacture’ within the meaning of section 2(f) of Central Excise Act, 1944 is excluded. Exemptions - See for general exemptions Study Note - 7
Pandal or Shamiana	Statutory coverage - Service by a pandal or shamiana contractor ‘Pandal or shamiana’ means a place specially prepared or arranged for organizing an official, social or business function. social function includes marriage [section 65(77a)] - Preparation, arrangement, erection or decoration of a pandal or shamiana - Supply of furniture, fixtures, lights and lighting fittings, floor coverings and other articles for use in pandal or shamiana [section 65(77b)]	Valuation If a pandal or shamiana contractor provides catering services of full meals, tax will be payable only on 70% of the gross amount charged to client - Notification No. 1/2006-ST dated 1-3-2006 Exemptions See for general exemptions Study Note - 7

hotography	Statutory coverage “Photography” includes still photography, motion picture photography, laser photography, aerial photography or fluorescent photography [section 65(78)] Case Law/Board Circulars - In <i>Live Tone v. State of Tripura</i> (2001) 122 STC 115 (Gau HC), it was held that works contract tax (Vat) can be levied on the value of goods transferred (i.e. negative and printing paper) but not on whole price which includes charge of artistic skill required in developing photograph – same view in <i>Classic Colour Lab v. DCCT</i> (1998) 110 STC 269 (Kar HC) * <i>Bavens v. UOI</i> (1995) 97 STC 161 (Ker HC DB)	Exclusions - X-ray or CT scan will not be covered as in common parlance they are not photography studios or agencies. - CBE&C letter No. B.II/I/2000-TRU dated 9-7-2001. Valuation - In <i>Laxmi Colour v. CCE</i> (2005) 2 STT 220 = 3 STR 363 (CESTAT), it was held that no deduction of material cost is allowable. It was also held that in service like photography, there is no element of sale of goods. Thus, tax is payable on entire amount. Exemptions - See for general exemptions Study Note - 7
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Port and other port	Statutory coverage • Service by a port or any person authorised by the port in relation to port services Case Law/Board Circulars • In <i>Homa Engg Works v. CCE</i> (2005) 2 STT 157 (CESTAT), it was held that only port services authorised by Board of Trustees of port under section 42(4) of Major Port Trust Act where rates are specified by Board by notification, are taxable – same view in <i>Western (I) Shipyard Ltd. v. CCE</i> (2007) 8 STT 338 (CESTAT) * <i>Homa Engg Works v. CCE</i> (2007) 9 STT 294 (CESTAT). • Service tax is payable on * port and dock charges, port dues * Cargo handling and storage charges * Railway haulage charges * Container handling charges * Labour charges for handling goods * Demurrage charges if goods are not cleared in time. Dock Labour Board is liable to pay service tax on labour charges recovered by them - CBE&C letter No. B.II/I/2000-TRU dated 9-7-2001.	Exemptions • Site formation and clearance, excavation and earthmoving and demolition services provided in course of construction of ports and other ports have been exempted <i>vide</i> Notification No. 17/2005-ST dated 7-6-2005. • Construction and works contract services relating to ports exempt, but no exemption to finishing or repairing services - Notification No. 25/2007-ST dated 22-5-2007 (effective from 1-6-2007). • See for general exemptions Study Note - 7
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Practising CA/CWA/CS Services	Statutory coverage • Service by a Practising Chartered Accountant / Cost Accountant / Company Secretary in his professional capacity	Exemptions • Services provided by practising CA/CWA/CS in his professional capacity to a client, relating to representing before any statutory authority in the course of proceedings initiated under any law for the time being in force, by way of issue of notice, are exempt from service tax. All other services provided by practising CA/CWA/CS in his professional capacity are taxable (Notification No. 25/2006-ST dated 13-7-2006). • See para 12.3 for general exemptions
Programme Production (of TV or Radio programmes)	Statutory coverage • Service by a programme producer, in relation to a programme. • “Programme” means any audio or visual matter, live or recorded, which is intended to be disseminated by transmission of electro-magnetic waves through space or through cables intended to be received by the general public either directly or indirectly through the medium of relay stations [section 65(86a)]	Exemptions • See for general exemptions Study Note - 7

Public relations management service	Statutory coverage • Service in relation to managing the public relations of another person • “Public relations” includes strategic counselling based on industry, media and perception research, corporate image management, media relations, media training, press release, press conference, financial public relations, brand support, brand launch, retail support and promotions, events and communications and crisis communications [section 65(86c)]	Exemptions • See for general exemptions Study Note - 7
Rail travel agent	Statutory coverage • Service in relation to booking of passage for travel by rail	Exclusions • Tax is <i>not payable</i> on rail fare collected by rail travel agent - rule 6(2)(iii) of Service Tax Valuation Rules. Exemptions • See for general exemptions Study Note - 7
Real estate agent	Statutory coverage • Advice, consultancy or technical assistance, in relation to evaluation, conception, design, development, construction, implementation, supervision, maintenance, marketing, acquisition or management, of real estate [section 65(89)] • Service in relation to sale, purchase, leasing or renting, of real estate. • Services of Real estate consultant [section 65(88)]	Exemptions • See for general exemptions Study Note - 7

Recovery Agent	Statutory coverage • Service in relation to recovery of any sums due to banking company or financial institution, including a non-banking financial company, or any other body corporate or a firm.	Exemptions • See for general exemptions Study Note - 7
Registrar to an issue	Statutory coverage • Activities in relation to an issue including collecting application forms from investors, keeping a record of applications and money received from investors or paid to the seller of securities, assisting in determining the basis of allotment of securities, finalising the list of persons entitled to allotment of securities and processing and despatching allotment letters, refund orders or certificates and other related documents [section 65(89c)] • “Issue” means an offer of sale or purchase of securities to, or from, the public or the holder of securities [section 65(59a)]	Exemptions • See for general exemptions Study Note - 7

Rent-a-Cab operator	Statutory coverage • Service in relation to the renting of a cab • "cab" means - (i) a motorcab, or (ii) a maxicab, or (iii) any motor vehicle constructed or adapted to carry more than twelve passengers, excluding the driver, for hire or reward [section 65(20)] Case Law/Board Circulars • If a driver is provided with cab, it is still rent-a-cab service – <i>Shiva Travels v. CCE (2006) 7 STT 75 (CESTAT)</i>.	Exclusions • Maxicab referred to in sub-clause (ii) or motor vehicle referred to in sub-clause (iii) rented for use by an educational body imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre, is excluded. • Ambulances are not meant for carrying passengers for hire or reward. Hence, service tax liability does not arise - para 7.2.1 of D.O. F. No. 334/1/2007-TRU dated 28-2-2007. Exemptions • Service tax is payable only on 40% of the gross amount charged by the operator for providing taxable service, if the Rent-a-cab operator does not avail Cenvat of duty/tax paid on inputs, input services and capital goods and he does not avail benefit of notification No. 12/2003-ST dated 20-6-2003 - Notification No. 1/2006-ST dated 1-3-2006. • See for general exemptions Study Note - 7
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Renting of immovable property	Statutory coverage • Renting of immovable property for use in the course or furtherance of business or commerce. • “Immovable property” includes - (i) building and part of a building, and the land appurtenant thereto (ii) land incidental to the use of such building or part of a building (iii) the common or shared areas and facilities relating thereto; and (iv) in case of a building located in a complex or an industrial estate, all common areas and facilities relating thereto, within such complex or estate. • “Renting of immovable property” includes renting, letting, leasing, licensing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce [section 65(90a)] • Use of immovable property as factories, office buildings, warehouses, theatres, exhibition halls and multiple-use buildings is covered [Explanation to section 65(90a)]	Exclusions • Renting of following is not included – (a) vacant land solely used for agriculture, aquaculture, farming, forestry, animal husbandry, mining purposes (b) vacant land, whether or not having facilities clearly incidental to the use of such vacant land (c) and used for educational, sports, circus, entertainment and parking purposes; and (d) building used solely for residential purposes and buildings used for the purposes of accommodation, including hotels, hostels, boarding houses, holiday accommodation, tents, camping facilities [section 65(90a)] • Renting of immovable property by a religious body or to a religious body; or renting of immovable property to an educational body, imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching center is excluded [section 65(90a)] Exemptions • Deduction of property tax will be allowed in respect of tax actually paid (and not on payable basis). Deduction will be on <i>pro rata</i> basis. Service tax is payable only on rent actually received from service receiver. • See for general exemptions Study Note - 7
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Sale of advertising space or time	Statutory coverage • Sale of space or time for advertisement, in any manner is a 'taxable service' • Providing space or time, as the case may be, for display, advertising, showcasing of any product or service in video programmes, television programmes or motion pictures or music albums, or on billboards, public places, buildings, conveyances, cell phones, automated teller machines, internet • Selling of time slots on radio or television by a person, other than a broadcasting agency or organisation • Aerial advertising • Sale of space in yellow pages, business directories	Exclusions • Sale of space for advertisement in print media. "Print media" means - (i) "newspaper" (ii) "book" but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes • Sale of time slots by a broadcasting agency or organisation (It is taxable under different head) Exemptions • See for general exemptions Study Note - 7
Scientific and technical consultancy	Statutory coverage • Service by a scientist or a technocrat, or any science or technology institution or organisation, in relation to scientific or technical consultancy Case Law/Board Circulars • Executory services would not fall under 'consultancy services' - <i>Glaxo Smithkline Pharmaceuticals v. CCE</i> (2005) 1 STT 37 (CESTAT) – quoted with approval in <i>Glaxo Smithkline Consumer Healthcare Ltd. v. CCE</i> (2007) 9 STT 496 (CESTAT).	Exclusions • Service tax is not payable by doctors, medical colleges, nursing homes, hospitals, diagnostic and pathological labs etc. as in common parlance they are not known as scientists, technocrats etc. - CBE&C letter No. B.II/I/2000-TRU dated 9-7-2001. Exemptions • Notification No. 9/2007-ST dated 01.03.2007 exempts all taxable services provided by incubators. • Service tax exemption is also provided to incubates vide notification No. 10/2007-ST dated 1-3-2007: • See for general exemptions Study Note - 7

Security agency	Statutory coverage - Services by security agency in relation to the security of any movable or immovable property or person, by providing security personnel or otherwise - Provision of services of investigation, detection or verification of any fact or activity [section 65(94)] Case law/Board circulars - Service tax payable on services of safe deposit lockers. - Services provided by ex-servicemen or charitable organization taxable w.e.f. 18-4-2006.	Valuation - Service tax is payable on gross amount charged for service. It has been clarified that service tax is payable on entire amount charged by security agency to client, which includes salary of guards, employer's ESIC, PF, contribution towards labour funds, bonus, leave, uniform etc. No abatement can be granted in respect of such expenses incurred by security agency. - In <i>Panther Detective Services v. CCE</i> (2007) 8 STT 215 (CESTAT), it was held that service tax is payable on gross amount including ESI, PF and wages of guards. The amount should be inclusive of service tax and then back calculations should be made – same view in <i>Punjab Ex-Serviceman Corpn v. CCE</i> (2005) 2 STT 273 (CESTAT). Exemptions - See for general exemptions Study Note - 7
Share Transfer Agent	Statutory coverage Maintaining record of holders of securities and deals with all matters connected with the transfer or redemption of securities or activities incidental thereto [section 65(95a)]	Exemptions See for general exemptions Study Note - 7

Site formation and clearance etc.	Statutory coverage • Services in relation to site formation and clearance, excavation and earthmoving and demolition and such other similar activities. • drilling, boring and core extraction services for construction, geophysical, geological or similar purposes • soil stabilization • horizontal drilling for the passage of cables or drain pipes • land reclamation work • contaminated top soil stripping work • demolition and wrecking of building, structure or road [section 65(97a)]	Exclusions • Services in relation to agriculture, irrigation, watershed development • Drilling, digging, repairing, renovating or restoring of water sources or water bodies. Exemptions • Exemption to services relating to roads, airports, railways, transport terminals etc. bridges, port etc. - Notification No. 17/2005-ST dated 7-6-2005 • See for general exemptions Study Note - 7
Sound recording	Statutory coverage • Recording of sound on any media or device including magnetic storage device • Services relating to recording of sound in any manner such as sound cataloguing, storing of sound and sound mixing or re-mixing or any audio post-production activity [section 65(98)]	Exemptions See for general exemptions Study Note - 7

Sponsorship service	Statutory coverage • Service in relation to sponsorship • “Sponsorship” includes naming an event after the sponsor, displaying the sponsor’s company logo or trading name, giving the sponsor exclusive or priority booking rights, sponsoring prizes or trophies for competition [section 65(99a)] • Service tax is leviable only when the sponsor is any body corporate or firm [section 65(105)(zzzn)] Reverse charge - Person liable for payment of tax • In case of sponsorship service provided to a body corporate or firm located in India, the body corporate or firm receiving such sponsorship service will be liable to pay service tax [rule 2(1)(d)(vii)]. • If the recipient of sponsorship service is located outside India, service tax is required to be paid by the service provider and not by the recipient.	Exclusions • Sponsorship of sports events is excluded from the scope of this levy • Any financial or other support in the form of donations or gifts, given by the donors is not taxable, if the service provider is under no obligation to provide anything in return to such donors [section 65(99a)] Exemptions • See for general exemptions Study Note - 7
Steamer agent	Statutory coverage • Service in relation to a ship’s husbandry or dispatch or any administrative work related thereto • Booking, advertising or canvassing of cargo • Container feeder services [section 65(100)] Case Law/Board Circulars • Expenses paid by steamer agent on behalf of shipping line not liable to service tax - CBE&C circular No. B 43/1/97-TRU dated 6-6-1997.	Exemptions • See for general exemptions Study Note - 7

Stock-broking	Statutory coverage • Service by a stock-broker in connection with the sale or purchase of securities listed on recognised stock exchange. • As per rule 6(1)(i) of Service Tax Valuation Rules (Earlier, it was <i>Explanation</i> 1 clause (a) to section 67 upto 18-4-2006), the value of taxable services shall include the commission or brokerage charged by a broker on the sale or purchase of securities including the commission or brokerage paid by the stock-broker to any sub-broker. Case Law/Board Circulars • No tax on turnover charges payable to stock exchange – <i>prima facie</i> view in <i>JSEL Securities Ltd. v. CCE</i> (2007) 8 STT 428 (CESTAT).	Exemptions See for general exemptions Study Note - 7
Storage and warehousing	Statutory coverage • Services in relation to storage and warehousing of goods, including liquids and gases [section 65(102)] Case Law/Board Circulars • Storage outside the port premises is taxable - <i>Gujarat Chem Port Terminal Co. Ltd. v. CC</i> (2005) 1 STT 98 (CESTAT) • Storage of empty containers taxable - CBE&C circular No. 60/9/2003-ST dated 10-7-2003	Exclusions • Service provided for storage of agricultural produce or any service provided by a cold storage excluded [section 65(102)] Exemptions • See for general exemptions Study Note - 7
Survey and exploration of mineral	Statutory coverage • Geological, geophysical or other prospecting, surface or sub-surface surveying or map making service, in relation to location or exploration of deposits of mineral, oil or gas [section 65(104a)]	Exemptions • See for general exemptions Study Note - 7

Survey and map-making	Statutory coverage Geological, geophysical or any other prospecting, surface, sub-surface or aerial surveying or map-making of any kind [section 65(104b)]	Exclusions - Service provided by an agency under the control of, or authorised by, the Government, in relation to survey and map-making not taxable [section 65(105)(zzzc)] - Survey and exploration of mineral excluded [section 65(104b)] (as covered under another head) Exemptions - See for general exemptions Study Note – 7
Technical inspection and certification	Statutory coverage Inspection or examination of goods or process or material or any immovable property to certify that such goods or process or material or immovable property qualifies or maintains the specified standards, including functionality or utility or quality or safety or any other characteristic or parameter [section 65(108)]	Exclusions - Service in relation to inspection and certification of pollution levels is excluded [section 65(108)] Exemptions - See for general exemptions Study Note - 7
Technical testing and analysis	Statutory coverage - Service in relation to physical, chemical, biological or any other scientific testing or analysis of goods or material or any immovable property - Clinical testing of drugs and formulations [section 65(106)] Case Law/Board Circulars - Sample collection centers not taxable – <i>Dr. Lal Path Lab (P) Ltd. v. CCE (2006) 5 STT 171 (CESTAT)</i>,	Exclusions - Testing or analysis service provided in relation to human beings or animals is excluded. - Testing or analysis for the purpose of determination of the nature of diseased condition, identification of a disease, prevention of any disease or disorder in human beings or animals is not taxable. Medical testing and diagnosis has been excluded from service tax [section 65(106)] Exemptions - Testing and analysis of water quality by Government laboratories exempt - Notification No. 6/2006-Service Tax dated 1.3.2006. - Exemption to clinical testing of newly developed drugs - Notification No. 11/2007-ST dated 1-3-2007. - See for general exemptions Study Note - 7

Telecommunication Services	Statutory coverage • Service of any description provided by means of any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence or information of any nature, by wire, radio, optical, visual or other electro-magnetic means or systems, including the related transfer or assignment of the right to use capacity for such transmission, emission or reception • voice mail, data services, audio tex services, video tex services, radio paging • fixed telephone services including provision of access to and use of the public switched telephone network for the transmission and switching of voice, data and video, inbound and outbound telephone service to and from national and international destinations • cellular mobile telephone services including provision of access to and use of switched or non-switched networks for the transmission of voice, data and video, inbound and outbound roaming service to and from national and international destinations • carrier services including provision of wired or wireless facilities to originate, terminate or transit calls, charging for interconnection, settlement or termination of domestic or international calls, charging for jointly used facilities including pole attachments, charging for the exclusive use of circuits, a leased circuit or a dedicated link including a speech circuit, data circuit or a telegraph circuit • provision of call management services for a fee including call waiting, call forwarding, caller identification, three-way calling, call display, call	Exclusions • Service in relation to on-line information and database access or retrieval, a broadcasting agency or organisation in relation to broadcasting and internet telephony excluded [section 65(109a)] (since covered under another head) Sale of SIM Card • In <i>Bharat Sanchar Nigam Ltd. v. UOI</i> (2006) 3 SCC 1 = 152 Taxman 135 = 3 STT 245 = 282 ITR 273 = 3 VST 95 = 145 STC 91 = AIR 2006 SC 1383 (SC 3 member bench), it has been held that what a SIM card represents is ultimately a question of fact. In determining the issue, the assessing authorities will have to keep in mind the following principles, 'If the SIM card is not sold by the assessee to the subscribers but is merely part of the services rendered by service providers, then a SIM card cannot be charged separately to sales tax. It would depend ultimately upon the intention of parties. If the parties intended that the SIM card would be a separate object of sale, it would be open to the sales tax authorities to levy sales tax thereon. If the sale of SIM card is merely incidental to the service being provided and only facilitates the identification of subscriber, their credit and other details, it would not be assessable to sales tax. In any event, cost of service cannot be included in the value of SIM card by
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Tour operator	Statutory coverage • ‘Tour’ means a journey from one place to another irrespective of the distance between such places. • Business of planning, scheduling, organising or arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport • Business of operating tours in a tourist vehicle covered by a permit granted under the Motor Vehicles Act [section 65(115)] Case Law/Board Circulars • In <i>Praseetha Suresh v. CCE</i> (2007) 8 STT 324 (CESTAT), it was held that the vehicle is required to satisfy specifications as per rule 128 of Motor Vehicle Rules. If these are not satisfied, it is not a tourist vehicle and hence the service is not taxable.	Exemptions • In case of package tour, w.e.f. 23-8-2007, service tax is payable on 25% of gross amount charged (Till 22-8-2007, service tax was payable on 40% of gross amount charged) - Notification No. 1/2006-ST dated 1-3-2006 • Tax only on 10% amount when operator only provides booking services - Notification No. 1/2006-ST dated 1-3-2006. • Tax payable 40% in case of other tours - Notification No. 1/2006-ST dated 1-3-2006. • See for general exemptions Study Note - 7
Transport of persons by cruise ships	Statutory coverage • Transport of person embarking from any port by a cruise ship. “cruise ship” means a ship or vessel used for providing recreational or pleasure trips.	Exemptions • See for general exemptions Study Note - 7

Transport of goods by air	Statutory coverage Transport of goods by aircraft	Exemptions - Service of transport of goods is exempt if it is in relation to transport of export goods by aircraft - Notification No. 29/2005-ST dated 15-7-2005. - See for general exemptions Study Note - 7
Transport of goods by road	Statutory coverage - Service by a goods transport agency, in relation to transport of goods by road in a goods carriage. 'Goods transport agency' means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called [section 65(50b)] Reverse charge - Person liable for payment of service tax As per rule 2(1)(d)(v) of Service Tax Rules, Consignor or consignee <i>who is paying freight</i> will be liable to pay service tax, if consignor or consignee is any one of the following - - any factory registered under or governed by the Factories Act, 1948 (63 of 1948). - any company formed or registered under the Companies Act, 1956 (1 of 1956). - any corporation established by or under any law. - any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India. - any co-operative society established by or under any law. - any dealer of excisable goods, who is registered under the Central Excise Act, 1944 (1 of 1944) or the rules made thereunder. - any body corporate established, or a partnership firm registered, by or under any law.	Cenvat Credit - The service receiver should pay tax by GAR-7 challan @ 3.09%. Then, he can avail Cenvat credit of tax so paid by him [Notification No. 1/2006-ST dated 1-3-2006]. Exemptions - As per exemption notification No. 13/2008-ST dated 1-3-2008, actually service tax is payable on 25% of gross amount charged from customer by goods transport agency. Thus, service tax payable will be 3% plus 2% education cess plus 1% SAH education cess i.e. total 3.09%. Transport of fruits, vegetables, eggs or milk by road (as exempt under notification 33/2004-ST dated 3-12-2004) - Gross Amount charged on consignments transported in a goods carriage does not exceed Rs. 1,500 (as exempt under clause (i) of notification No. 34/2004-ST dated 3-12-2004) [This is total of all consignments carried in a goods carriage at one time] - Gross Amount charged on individual consignment transported in a goods carriage does not exceed Rs. 750 (as exempt under clause (ii) of notification No. 34/2004-ST dated 3-12-2004). - See for general exemptions Study Note - 7

Transport of goods in containers by rail	Statutory coverage Transport of goods in containers by rail	Exclusions - Service provide by Government railway exempt. Exemptions - Service tax is payable only on 30% of gross value charged, if Cenvat credit not availed - Notification No. 1 / 2006-ST, dated 1-3-2006. - See for general exemptions Study Note - 7
Transport of goods (other than water) through pipeline or conduit	Statutory coverage Transport of goods other than water, through pipeline or other conduit	Exclusions Transport of water is excluded. Exemptions See for general exemptions Study Note - 7
Travel agent (other than air travel agent and rail travel agent)	Statutory coverage Booking of passage for travel other than air travel and rail travel	Exemptions See for general exemptions Study Note - 7
Underwriter	Statutory coverage Service in relation to underwriting	Exemptions See for general exemptions Study Note - 7
Video tape production agency	Statutory coverage - Process of any recording of any programme, event or function on a magnetic tape or on any other media or device - Services such as editing, cutting, colouring, dubbing, title printing, imparting special effects, processing, adding, modifying or deleting sound, transferring from one media or device to another - Any video post-production activity [section 65(120)]	Exemptions See for general exemptions Study Note - 7

Works Contract Services	Statutory coverage “Works contract” means a contract wherein, – (i) transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods, and (ii) such contract is for the purposes of carrying out,- (a) erection, commissioning or installation of plant, machinery, equipment or structures, whether pre-fabricated or otherwise, installation of electrical and electronic devices, plumbing, drain laying or other installations for transport of fluids, heating, ventilation or air-conditioning including related pipe work, duct work and sheet metal work, thermal insulation, sound insulation, fire proofing or water proofing, lift and escalator, fire escape staircases or elevators; or (b) construction of a new building or a civil structure or a part thereof, or of a pipeline or conduit, primarily for the purposes of commerce or industry; or (c) construction of a new residential complex or a part thereof; or (d) completion and finishing services, repair, alteration, renovation or restoration of, or similar services, in relation to (b) and (c); or (e) turnkey projects including engineering, procurement and construction or commissioning (EPC) projects Case Law/Board Circulars In <i>Bharat Sanchar Nigam Ltd. v. UOI</i> (2006) 3 SCC 1 = 152 Taxman 135 = 3 VST 95 = 3 STT 245 = 282 ITR 273 = 145 STC 91 = AIR 2006 SC 1383 (SC 3 member bench), it was held that ‘various ‘aspects’ of transaction can be taxed separately, but sales tax cannot be imposed on service portion and service tax cannot be imposed on value of goods.	Exclusions - Works contract in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams, are excluded. Value of taxable service - Broadly, two options are available to service provider - (a) Calculate value of service as per rule 2A of Service Tax (Determination of Value) Rules, 2006 (in short ‘Valuation Rules’) and pay service tax at normal rate @ 12.36% (inclusive of education cess and SAH education cess) on such ‘value’. In such case, assessee can avail Cenvat credit of input services, inputs and capital goods (b) Pay service tax under ‘composition scheme’ at 4.12% of ‘gross amount charged for works contract’ (inclusive of education cess and SAH education cess), under ‘Works Contract (Composition Scheme for Payment of Service tax) Rules, 2007’ (the percentage was 2.06% upto 29-2-2008). As per rule 3(2) of Composition Scheme, the assessee cannot avail Cenvat credit of inputs. Thus, the assessee can avail Cenvat credit of input services and capital goods. - In both the cases, Vat/sales tax will not be included in the ‘value’ for purpose of calculating service tax. Exemptions - Construction and works contract services relating to ports exempt, but no exemption to finishing or repairing services - Notification No. 25/2007-ST dated 22-5-2007 - See for general exemptions Study Note - 7
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	In <i>Gannon Dunkerley & Co. v. State of Rajasthan</i> (1993) 66 Taxman 229 = 1993 AIR SCW 2621 = (1993) 1 SCC 364 = 88 STC 204 (SC 5 member Constitution bench) it was held that value of goods at the time of incorporation in the works can constitute measure for levy of tax. However, cost of incorporation of the goods in works contract cannot be made part of measure for the levy of tax.	
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