Negative List under Service Tax

1. Services by **government or a local authority** except the following:
   a) Services provided by department of post by way of **Speed Post, Express Parcel Post, Life Insurance and agency services** to **NON GOVT SR** is liable to ST, whereas services other than specifically mentioned are exempt whether provided to GOVT/ NON GOVT SR.
   b) Services in relation to **vessel or aircraft** (like Repair and Maintenance, Parking of aircraft) are liable to ST whether provided to **any person.**
   c) Service in relation to **transport of goods or passenger** whether provided to **any person**.
   d) **Support Services** like Security, Testing and Analysis, Construction, etc [Other than a,b and c above] provided to **Business Entity**.

   Following are not Government:
   a) Corporations formed under Central or any State Act (Eg: IOC,LIC,STC)
   b) Government Company registered under Companies Act.
   c) Institutions setup under Special Act (Eg. ICAI but it is covered in another item of negative list)

2. Services provided **BY RBI** (Eg. As agent/ advisor to govt, maintaining accounts of other banks, forex operations, implementing monetary policy, etc) are exempt from ST. But Services provided **TO RBI are TAXABLE.**

3. Services provided by **Foreign Diplomatic mission located in India** are **exempt.** Service provided **TO** Foreign Diplomatic mission located in India are **exempt vide notification no.27/2012.** It is to be noted that service provided **by U.N./ International offices in India** are **liable to ST** whereas **service provided to U.N./ International offices in India are exempt** vide notification no. 25/2012.

4. Services relating to **AGRICULTURE OR AGRICULTRE PRODUCE** by way of –
   a) Operations directly related to production of agriculture produce incl. cultivation, harvesting, trashing, plant protection and testing (incl seed testing)
   b) Supply of Farm Labour.
   c) Processes carried out at an agricultural farm including cutting, harvesting, drying, cleaning, fumigating, curing, sorting, packaging etc. and such like operations which

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do not alter the essential characteristic of agri produce but only makes it marketable for the primary market.

d) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use (Eg. Land with Farm House)
e) Loading, unloading, packing, warehousing of agri produce.
f) Agriculture extension services (Eg. Kissan Call Centre)
g) Services by any Agriculture Produce Marketing Committee or Board or services provided by a commission agent for sale/purchase of agri produce.

It is to be noted that Agriculture would mean Cultivation of plant and Rearing of animals (**except horses).** Thus, services in relation to rearing of horses are liable to ST.

Transportation of agriculture produce is exempt vide notification no. 25/2012.

5. **Trading of Goods** i.e Sale or purchase of goods is exempt from ST. Goods here will not include actionable claim and money.
   It is to be noted that services auxiliary to Trading of Goods (Like activities of commissioning agent or a clearing or forwarding agent, services of warehouse etc) are liable to ST.

6. Any process **amounting to manufacture or production of goods.** (even where exempted under Excise Law)

7. Selling of space or time slots for **Advertisements** where advertisement means any form of presentation for promotion of or bringing awareness about any idea, immovable property, service, goods, etc through print media, television or any other means but does not include Presentation made in person **(Canvassing).** The following are not covered in negative list (Liable to ST): [only meant to NOV 14 Exams]
   a) Advertisement broadcast by Radio or TV
   b) Canvassing

   However, auxiliary services in relation to preparation of advertisement are liable to ST.

8. Services by way of access to a road (National and State Highways) or bridge on payment of **TOLL CHARGES.** Only state govt has the power to levy tax in respect of toll as per Entry no 59 of State List. However, auxiliary services like Collection agency services, security services, etc. received are liable to ST.

9. **BETTING, GAMBLING OR LOTTERY** except Auxiliary services that is used for organizing or promoting betting or gambling events. Only state govt has the power to levy tax in respect of betting or gambling events as per Entry no 34 of State List.

10. Admission to **Entertainment events** or access to **Amusement Facilities** including cultural programmes, drama or ballet in open garden, standalone ride in mall except:
    a) Membership of club.
    b) Event Manager organizing an entertainment event.

    State govt has the power to levy entertainment tax on these activities which are covered under negative list.

11. Transmission or distribution of electricity by an **electricity transmission or distribution utility.** It will include:
    a)Central Electricity Authority
    b)State Electricity Board
    c)Central / State Transmission Unit
    d)A distribution or transmission license – licensed under Electricity Act 2003
    e)Any other entity entrusted with such function by CG or SG
    However, services provided by way of installation of **Gensets** or similar equipment by private contractors.
    But the hiring charges of electricity meter shall not attract ST.

12. Services by way of
    a) Pre School Education and education up to higher secondary school or equivalent
    b) Education as a part of curriculum for obtaining a qualification recognized by any law (Affiliation must be as per Indian Law and not Foreign Law)
    c) Education as a part of approved vocational education course. It includes courses run by "Industrial Training Institute or an Industrial Training center affiliated to National/State council of Vocational Training, Approved modular Employee Skill course approved by NCVT.
       However it may be noted that Placement service provided by above mentioned institutions shall be liable to ST.
       Also as per exemption notification 25/2012, Services provided **TO** an educational institution in respect of education is exempt from ST by way of:
       - **AUXILIARY** educational service (It will include services which educational institutions ordinarily carry out themselves by may outsource the same to any other person)
       - **Renting** of immovable property.

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Also as per exemption notification no 25/2012, any services provided by:

- National Skill Development Corporation (NSDC) set by Govt of India.
- Sector skill council(SSC) approved by NSDC
- Assessment agency approved by SSC or NSDC
- A training partner approved by SSC or NSDC **are exempt from ST.**

13. Services by way **Renting of Residential Dwelling for use as residence.** Residential dwelling does not include Hotel, Motel, Inn, Guest house, House boat etc meant for temporary use. If residential dwelling is let out for Commercial purpose, it will attract ST. If a residential dwelling is used for both residential and commercial purpose, the whole of the service will attract ST as per Section 66F.
    However as per exemption notification 25/2012, service by way of renting of hotel, motel, inn, guest house, club, campsite or other commercial place meant for residential or lodging purpose having declared tariff (including charges for all other amenities but without excluding any discount) of a room below or equal to **Rs.1000** per day shall be exempt from ST.

14. Services by way of :
    a) Extending deposits , loans and advances in so far as the consideration is represented by way of interest or discount. However loan processing fee/ file charges shall be liable to ST. Such services by NBFC are also covered in negative list. Interest on REPO and REVERSE REPO between Banks and RBI is also exempt from ST. However, charges for late payment of dues shall attract ST.
    b) Foreign exchange transactions between bank to dealer, on dealer with another dealer, and between dealer to bank. It may be noted that such transaction between dealer/bank with customer will attract ST.

15. Service of transportation of passenger with or without accompanied belongings by:
    a) A stage carriage [contract carriage exempted vide notification 25/2012]
    b) Railways in a class **other than First class and Air conditioned coach**
    c) Metro, Monorail or Tramway
    d) Inland waterways
    e) Public transport, other than predominantly used for tourism purpose in a vessel between places located in India.
    f) Metered cabs, radio taxis and auto rickshaw.

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Transport of passenger by air is not covered in negative list hence liable to ST subject to Place of provision of service rules.

16. Service by way of **transportation of goods:**
    a) By Road [Except: Goods Transport Agency(GTA), Courier Agency]
    b) By vessel/ Aircraft [from outside India to Indian Custom Port/ Airport]
    Or By inland waterways (i.e. transportation of imported goods on which import duty not yet paid in the coastal waters is exempt, transportation of domestic goods liable to ST)
    Explanation: GTA means any person who provides service in relation to transport of goods by road and is required to issue consignment note.

17. Funeral, burial, crematorium or mortuary services including transportation of deceased.

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