

Newsletter on Service tax – Mega exemption notification (Release Date: Feb 11, 2014)

Important updates in Service tax

The 18 years old [Service Tax](#) law, which was based on positive list, fizzle out by way of introduction of a new regime for levy of service tax i.e. negative list of taxable services from 1st July, 2012.

However, prior to 1.7.2012 there was a long list (approx. 88 in numbers) of exempted services which has now been consolidated under a single notification dated 20.06.2012 containing total 39 broad categorised exempted services amended vide notifications dated 07/07/2012, 24/12/2012 and 01/03/2013.

The Central Government vide amended Notification No. 25/2012-ST dated June 20, 2012, exempts the following taxable services from the whole of the service tax leviable u/s 66B of the Finance Act, 1994, namely:

- 1) Services provided to the United Nations or a specified international organization;
- 2) Health care services by a clinical establishment, an authorised medical practitioner or para-medics;
- 3) Services by a veterinary clinic in relation to health care of animals or birds;
- 4) Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of charitable activities
- 5) Services by a person by way of-
 - (a) renting of precincts of a religious place meant for general public; or
 - (b) conduct of any religious ceremony;
- 6) Services provided by-
 - (a) an arbitral tribunal to
 - (i) any person other than a business entity; or
 - (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year;
 - (b) an individual as an advocate or a partnership firm of advocates by way of legal services to,
 - (i) an advocate or partnership firm of advocates providing legal services ;
 - (ii) any person other than a business entity; or
 - (iii) a business entity with a turnover up to rupees ten lakh in the preceding financial year; or
 - (c) a person represented on an arbitral tribunal to an arbitral tribunal;
- 7) Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organisation approved to conduct clinical trials by the Drug Controller General of India;
- 8) Services by way of training or coaching in recreational activities relating to arts, culture or sports;
- 9) Services provided to ~~or by~~ an educational institution in respect of education exempted from service tax, by way of,
 - (a) auxiliary educational services; or
 - (b) renting of immovable property;[Entry 9 has been amended vide Notification No. 3/2013-ST dated 1st March, 2013]



- 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;
 - (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 Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;
- 12) Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of
- (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
 - (b) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);
 - (c) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
 - (d) canal, dam or other irrigation works;
 - (e) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or
 - (f) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Act;
- 13) **Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,**
- (a) a road, bridge, tunnel, or terminal for road transportation for use by general public;**
 - (b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;**
 - (c) a building owned by an entity registered under section 12 AA of the Income tax Act, 1961(43 of 1961) and meant predominantly for religious use by general public;**
 - (d) a pollution control or effluent treatment plant, except located as a part of a factory; or**
- a structure meant for funeral, burial or cremation of deceased;**
- 14) **Services by way of construction, erection, commissioning, or installation of original works pertaining to,**
- (a) an airport, port or railways, including monorail or metro;**
 - (b) a single residential unit otherwise than as a part of a residential complex;**
 - (c) low- cost houses up to a carpet area of 60 square 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;**



- (d) post- harvest storage infrastructure for agricultural produce including a 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;**
- 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 (14 of 1957), relating to original literary, dramatic, musical or artistic works; or
- (b) of cinematograph films for exhibition in a cinema hall or cinema theatre;
- [Entry 15 has been substituted vide Notification No.3 /2013-ST dated 1st March, 2013]
- 16) Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, excluding services provided by such artist as a brand ambassador;
- 17) Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;
- 18) Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having declared tariff of a unit of accommodation below rupees one thousand per day or equivalent;**
- 19) Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year;**
- [Entry 19 has been substituted vide Notification No.3 /2013-ST dated 1st March, 2013]
- 20) Services by way of transportation by rail or a vessel from one place in India to another of the following goods
- ~~(a) petroleum and petroleum products falling under Chapter heading 2710 and 2711 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);~~
- (b) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
- (c) defence or military equipments;
- ~~(d) postal mail or mail bags;~~
- ~~(e) household effects;~~
- (f) newspaper or magazines registered with the Registrar of Newspapers;
- (g) railway equipments or materials;
- (h) agricultural produce;
- (i) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or
- (j) chemical fertilizer and oilcakes;
- [The items (a), (d) and (e) has been omitted vide Notification No.3/2013-ST dated March 1, 2013]
- 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 Rs. 1,500;**
- (c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed Rs. 750;**
- (d) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages;**
- (e) chemical fertilizer and oilcakes;**
- (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 equipments;

[Entry 21 has been substituted vide Notification No.3 /2013-ST dated 1st March, 2013]

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) a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire; or

(c) ropeway, cable car or aerial tramway;

~~24) Services by way of vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;~~

[Entry 24, has been omitted vide Notification No.3 /2013-ST dated 1st March, 2013]

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

(a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation; or

(b) repair or maintenance of a vessel ~~or an aircraft~~;

[In entry 25, in item (b), for the words, "a vessel or an aircraft", the words "a vessel" shall be substituted vide Notification No.3 /2013-ST dated 1st March, 2013]

26) Services of general insurance business provided under following schemes

(a) Hut Insurance Scheme;

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

(c) Scheme for Insurance of Tribals;

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

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

(f) Agricultural Pumpset and Failed Well Insurance;

(g) premia collected on export credit insurance;

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

(i) Jan Arogya Bima Policy;

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

(k) Pilot Scheme on Seed Crop Insurance;

(l) Central Sector Scheme on Cattle Insurance;

(m) Universal Health Insurance Scheme;

(n) Rashtriya Swasthya Bima Yojana; or

(o) Coconut Palm Insurance Scheme;

26A) Services of life insurance business provided under following schemes -

(a) Janashree Bima Yojana (JBY); or

(b) Aam Aadmi Bima Yojana (AABY);

[Entry 26A has been inserted vide Notification No.49 /2012-ST dated 24th December, 2012]



- 27) Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:
- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and
 - (b) a period of three years has not been elapsed from the date of entering into an agreement as an incubatee;
- 28) Service by an unincorporated body or a non-profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution -
- (a) as a trade union;
 - (b) for the provision of carrying out any activity which is exempt from the levy of service tax; or
 - (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
- 29) Services by the following persons in respective capacities
- (a) sub-broker or an authorised person to a stock broker;
 - (b) authorised person to a member of a commodity exchange;
 - (c) mutual fund agent to a mutual fund or asset management company;
 - (d) distributor to a mutual fund or asset management company;
 - (e) selling or marketing agent of lottery tickets to a distributor or a selling agent;
 - (f) selling agent or a distributor of SIM cards or recharge coupon vouchers;
 - (g) business facilitator or a business correspondent to a banking company or an insurance company, in a rural area; or
 - (h) sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;
- 30) **Carrying out an intermediate production process as job work in relation to**
- (a) agriculture, printing or textile processing;**
 - (b) cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985 (5 of 1986);**
 - (c) any goods on which appropriate duty is payable by the principal manufacturer; or**
 - (d) processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;**
- 31) Services by an organiser to any person in respect of a business exhibition held outside India;
- 32) Services by way of making telephone calls from -
- (a) departmentally run public telephone;
 - (b) guaranteed public telephone operating only for local calls; or
 - (c) free telephone at airport and hospital where no bills are being issued;
- 33) Services by way of slaughtering of ~~bovine~~ animals;
- [The word “bovine” has been omitted vide Notification No. 44/2012-ST dated 7th August, 2012]
- 34) Services received from a provider of service located in a non-taxable territory by



- (a) Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;
 - (b) an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or
 - (c) a person located in a non-taxable territory;
- 35) Services of public libraries by way of lending of books, publications or any other knowledge- enhancing content or material;
- 36) Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);
- 37) Services by way of transfer of a going concern, as a whole or an independent part thereof;
- 38) Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;
- 39) Services by a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.

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