



Service Tax



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4/4/2012

Changes in Service Tax

Recently there have many important changes in Service Tax. We hereby summarise it for your reference:

1. Rate of Service tax increased from 10% to 12% w.e.f. 1st April 2012
2. Rate of Tax for Works Contract increased to 4.8% w.e.f 1st April 2012
3. Valuation rules for **Works Contract, Restaurant and Outdoor Caterers are changed** vide notification no. 11/2012 dt 17-3-12. Copy enclosed. Effective date shall be when budget is signed by President.
4. Service Tax department has issued negative list of services which shall not be taxed at all. Notification No . 12/2012 dt 17-3-12. Copy enclosed. Effective date shall be when budget is signed by President. **Negative list envisages facts that all other services shall be taxable. All services to attract service tax except those in the negative list.**
5. There is a change in abatement rates for few services. Details are given in Notification no. 13/2012. Copy is enclosed. Effective date shall be when budget is signed by President.
6. Exemption for the taxable service involving import of technology, from so much of the service tax leviable thereon under section 66B of the said Act, as is equivalent to the amount of cess payable on the said import of technology under the provisions of section 3 of the Research and Development Cess Act, 1986 (32 of 1986), subject to the certain conditions. Details are given in Notification no . 14/2012. Copy is enclosed.
7. There are few services where now Service Receiver will pay tax either fully or partly. Hence responsibility payment of tax shall be with wither only receiver of services or both the parties as per ratios mentioned in the notification no 15/2012 dt 17-3-12 effective from President sign of Budget.

8. New Common Form for Excise & Service Tax returns is proposed.(EST-1)
9. Excess service tax paid can now be adjusted in next quarter.
10. In rule 6 earlier option to pay tax on turnover upto Rs 50 lakhs on cash basis was available to all individuals, partnership firms and proprietorship firm, providing specified services, but now vide this notification this option has been given to all individuals, partnership firms, proprietorship firm and LLP whose previous year turnover was less than or equal to 50 lakhs.

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

New Delhi, the 17th March 2012

Notification No. 11/2012 - Service Tax

G.S.R. (E).- In exercise of the powers conferred by clause (aa) of sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax (Determination of Value) Rules, 2006, namely :-

1. (1) These rules may be called the Service Tax (Determination of Value) Amendment Rules, 2012.

(2) They shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.

2. In the Service Tax (Determination of Value) Rules, 2006 (hereinafter referred to as the said rules), for rule 2A, the following rule shall be substituted, namely:-

“2A. Determination of value of taxable services involved in the execution of a works contract.- Subject to the provisions of section 67, the value of taxable service involved in the execution of a works contract (hereinafter referred to as works contract service), referred to in clause (8) of section 66E of the Act, shall be determined by the service provider in the following manner, namely:-

(i) Value of works contract service shall be equivalent to the gross amount charged for the works contract less the value of transfer of property in goods involved in the execution of the said works contract.

Explanation.- For the purposes of this clause,-

(a) gross amount charged for the works contract shall not include value added tax or sales tax, as the case may be, paid, if any, on transfer of property in goods involved in the execution of the said works contract;

(b) value of works contract service shall include, -

- (i) labour charges for execution of the works;
- (ii) amount paid to a sub-contractor for labour and services;
- (iii) charges for planning, designing and architect's fees;
- (iv) charges for obtaining on hire or otherwise, machinery and tools used for the execution of the works contract;
- (v) cost of consumables such as water, electricity, fuel used in the execution of the works contract;
- (vi) cost of establishment of the contractor relating to supply of labour and services;
- (vii) other similar expenses relating to supply of labour and services; and
- (viii) profit earned by the service provider relating to supply of labour and services;

(c) Where value added tax has been paid on the actual value of transfer of property in goods involved in the execution of the works contract, then, such value adopted for the purposes of payment of value added tax, shall be taken as the value of transfer of property in goods involved in the execution of the said works contract for determining the value of works contract service under this clause.

(ii) Where the value has not been determined under clause (i), the person liable to pay tax on the taxable service involved in the execution of the works contract shall determine the service tax payable in the following manner, namely:-

(A) in case of works contracts entered into for execution of original works, service tax shall be payable on forty per cent. of the total amount charged for the works contract:

Provided that where the gross amount charged includes the value of the land, in respect of the service provided by way of clause (8) of section 66E of the Act, service tax shall be payable on twenty five per cent. of the total amount including such gross amount;

(B) in case of other works contracts including completion and finishing services such as glazing, plastering, floor and wall tiling, installation of electrical fittings not covered under sub-clause (A), service tax shall be payable on sixty per cent. of the total amount charged for the works contract;

Explanation 1.- For the purposes of this rule,-

(I) "original works" means-

(i) all new constructions;

(ii) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(II) "total amount" means the sum total of gross amount and the value of all goods, excluding the value added tax, if any, levied on goods and services supplied free of cost for use in or in relation to the execution of works contract, under the same contract or any other contract:

Provided that where the value of goods or services supplied free of cost is not ascertainable, the same shall be determined on the basis of the fair market value of the goods or services that have closely available resemblance;

*Explanation 2.--*For the removal of doubts, it is clarified that duty of excise paid on any goods, property which is transferred (whether as goods or in some other form) in the execution of works contract, shall not be availed as CENVAT credit."

3. In rule 2B of the said rules, after rule 2B, the following rule shall be inserted, namely:-

"2C. Determination of value of taxable service involved in supply of food and drinks in a restaurant or as outdoor catering.- Subject to the provisions of section 67, the value of taxable service involved in the supply of food or drinks for consumption either in a restaurant or as outdoor catering service, either by itself or along with other services, shall be the percentage of total amount, specified in column 3 against the respective description of services mentioned in the following Table:-

Table

Sl. No.	Description	Percentage of total amount
1	2	3
1.	Service involved in the supply of food or any other article of human consumption or any drink at a restaurant	40
2.	Service involved in the supply of food or any other article of human consumption or any drink as outdoor catering service	60

Explanation 1.- For the purposes of this rule, "total amount" means the sum total of the gross amount and the value of all goods, excluding the value added tax, if any, levied on goods or services supplied free of cost for use in or in relation to

the supply of food or any other article of human consumption or any drink, under the same contract or any other contract:

Provided that where the value of goods or services supplied free of cost is not ascertainable, the same shall be determined on the basis of the fair market value of the goods or services that have closely available resemblance.

Explanation 2.- For the removal of doubts, it is clarified that any goods classifiable under chapter 1 to 22 of the Central Excise Tariff Act, 1985 (5 of 1986) meant for human consumption shall not be considered as “inputs” for the service portion in an activity wherein goods, being food or any other article of human consumption or drink is supplied in any manner as part of the activity.”

4. In the said rules, in rule 3, for the words “where the consideration received is not wholly or partly consisting of money”, the words “where such value is not ascertainable” shall be substituted.

5. In the said rules, in rule 5, in sub-rule(1), in the *Explanation*, for the words, brackets, letters and figures “services specified in sub-clause (zzzx) of clause (105) of section 65 of the Finance Act, 1994”, the words “telecommunication service” shall be substituted.

6. In the said rules, in rule 6,-
(a) in sub-rule (1),-

(i) in clause (viii), for the words “in any manner; and” the words “in any manner;” shall be substituted;

(ii) in clause (ix), for the words “insurance agent”, the words “insurance agent; and” shall be substituted;

(iii) after clause (ix), the following clause shall be inserted, namely:-

“(x) the amount realised as demurrage or by any other name whatever called for the provision of a service beyond the period originally contracted or in any other manner relatable to the provision of service.”;

(b) in sub-rule (2),-

(i) for clause (iv), the following clause shall be substituted, namely:-

“(iv) interest on,-

(a) deposits; and

(b) delayed payment of any consideration for the provision of services or sale of goods;

(ii) in clause(v), for the words “to the passengers.”, the words “to the passengers; and” shall be substituted;

(iii) after clause (v), the following clause shall be inserted, namely:-

“(vi) accidental damages due to unforeseen actions not relatable to the provision of service.”.

7. In the said rules, rule 7, shall be omitted.

[F. No.334/1 /2012-TRU]

(Samar Nanda)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no.12/2006-Service Tax, dated the 19th April, 2006, published in the Gazette of India, Extraordinary vide number G.S.R.228(E), dated the 19th April, 2006 and last amended vide notification No.2/2011-Service Tax, dated the 1st March, 2011, vide number G.S.R. 159 (E), dated the 1st March, 2011.

[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
Department of Revenue

Notification No.12/2012-Service Tax

New Delhi, the 17th March 2012

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Finance Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the following taxable services from the whole of the service tax leviable thereon under section 66 B of the said Finance Act, 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 to any person other than a business entity by -
 - (a) an individual as an advocate; or
 - (b) a person represented on and as arbitral tribunals;
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-
 - (a) to an educational institution by way of catering under any centrally assisted mid – day meals scheme sponsored by Government;
 - (b) to or by an institution in relation to educational services, where the educational services are exempt from the levy of service tax, by way of transportation of students or staff;
 - (c) to or by an institution in relation to educational services, where the educational services are exempt from the levy of service tax, by way of services in relation to admission to such education;
10. Services provided to a recognised sports body by-
 - (a) an individual as a player, referee, umpire, coach or manager for participation in a tournament or championship organized by a recognized sports body;
 - (b) another recognised sports body;
11. Services by way of sponsorship of tournaments or championships 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, 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 or local authority by way of erection, construction, maintenance, repair, alteration, renovation or restoration of -
- (a) a civil structure or any other original works meant predominantly for a non-industrial or non-commercial use;
 - (b) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under 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) drinking water supply (ii) water treatment (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 Finance Act;
13. Services provided by way of erection, construction, maintenance, repair, alteration, renovation or restoration of,-
- (a) road, bridge, tunnel, or terminal for road transportation for use by general public;
 - (b) 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;
 - (c) pollution control or effluent treatment plant, except located as a part of a factory; or
 - (d) electric crematorium;
14. Services by way of erection or construction of original works pertaining to,-
- (a) airport, port or railways;
 - (b) single residential unit otherwise 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. Temporary transfer or permitting the use or enjoyment of a copyright covered under clause (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;
16. Services by a performing artist in folk or classical art forms of (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 room 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, and which has a licence to serve alcoholic beverages;
20. Services by way of transportation by rail or a vessel from one port 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, mail bags or household effects;
 - (e) newspaper or magazines registered with Registrar of Newspapers;
 - (f) railway equipments or materials;
 - (g) agricultural produce;
 - (h) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or
 - (i) chemical fertilizer and oilcakes;
21. Services provided by a goods transport agency by way of transportation of -
 - (a) fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;
 - (b) goods where gross amount charged on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or
 - (c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;
22. Services by way of giving on hire -
 - (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
 - (b) to a goods transport agency, a means of transportation of goods;
23. Transport of passengers, with or without accompanied belongings, by -
 - (a) air, embarking or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; or
 - (b) a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire;
24. Services by way of motor vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;
25. Services provided to the Government or a local authority by way of -
 - (a) repair of a ship, boat or vessel;
 - (b) effluents and sewerage treatment;
 - (c) waste collection or disposal;
 - (d) storage, treatment or testing of water for drinking purposes; or
 - (e) transport of water by pipeline or conduit for drinking purposes;
26. Services of general insurance business provided under following schemes -
 - (a) Hut Insurance Scheme;

- (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
 - (c) Scheme for Insurance of Tribals;
 - (d) Janata Personal Accident Policy and Gramin Accident Policy;
 - (e) Group Personal Accident Policy for Self-Employed Women;
 - (f) Agricultural Pumpset and Failed Well Insurance;
 - (g) premia collected on export credit insurance;
 - (h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;
 - (i) Jan Arogya Bima Policy;
 - (j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);
 - (k) Pilot Scheme on Seed Crop Insurance;
 - (l) Central Sector Scheme on Cattle Insurance;
 - (m) Universal Health Insurance Scheme;
 - (n) Rashtriya Swasthya Bima Yojana; or
 - (o) Coconut Palm Insurance Scheme;
27. Services provided by an incubatee up to a total business turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-
- (a) the total business turnover had not exceeded fifty lakh rupees during the preceding financial year; and
 - (b) a period of three years has not lapsed from the date of entering into an agreement as an incubatee;
28. Service by an unincorporated body or an entity registered as a society to own members by way of reimbursement of charges or share of contribution -
- (a) as a trade union;
 - (b) for the provision of exempt services by the entity to third persons; 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) a sub-broker or an authorised person to a stock broker;
 - (b) an authorised person to a member of a commodity exchange;
 - (c) a mutual fund agent or distributor to mutual fund or asset management company for distribution or marketing of mutual fund;
 - (d) a selling or marketing agent of lottery tickets to a distributor or a selling agent;
 - (e) a selling agent or a distributor of SIM cards or recharge coupon vouchers; or
 - (f) a business facilitator or a business correspondent to a banking company or an insurance company in a rural area;
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 telephones;
 - (b) guaranteed public telephones operating only for local calls; or
 - (c) free telephone at airport and hospitals where no bills are being issued;
33. Services by way of slaughtering of bovine animals;
34. Services received from a service provider located in a non- taxable territory by -
- (a) the Government, a local authority or an individual in relation to any purpose other than industry, business or commerce; or
 - (b) an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities.

2. Definitions. - for the purpose of this notification, unless the context otherwise requires, –

1. "advocate" has the meaning assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961),
2. "appropriate duty" means duty payable on manufacture or production under a Central or a State Act, but shall not include 'Nil' rate of duty or duty wholly exempt,
3. "arbitral tribunal" has the meaning assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 (26 of 1996),
4. "authorised medical practitioner" means any medical practitioner registered with any of the Councils of the recognised system of medicine and includes medical professional having the requisite qualification to practice in any recognised system of medicine as per any law for the time being in force,
5. "authorised person" means and includes any person whether being an individual, partnership firm, limited liability partnership or body corporate, who is appointed as such either by a stock broker including trading member or by a member of commodity exchange and who provides access to trading platform of a stock exchange or a commodity exchange, as an agent of the stock broker or member of a commodity exchange,
6. "banking company" has the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act,1934(2 of 1934),
7. "business facilitator or business correspondent" means an intermediary appointed under business facilitator model or business correspondent model by a banking company or an insurance company under the guidelines issued by Reserve Bank of India,
8. "clinical establishment" means a hospital, nursing home, clinic, sanatorium or an institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine, established and administered or maintained by any person or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases,
9. "charitable activities" means activities relating to -
 - (a) public health by way of -
 - (I) care or counseling of (i) terminally ill persons or persons with severe physical or mental disability, (ii) persons afflicted with HIV or AIDS, or (iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (II) public awareness of preventive health, family planning or prevention of HIV infection;
 - (b) advancement of religion;

- (c) advancement of educational programmes or skill development relating to,-
 - (I) abandoned, orphaned or homeless children;
 - (II) physically or mentally abused and traumatized persons;
 - (III) prisoners; or
 - (IV) persons over the age of 65 years residing in a rural area;
- (d) preservation of environment including watershed, forests and wildlife; or
- (e) advancement of any other object of general public utility up to a value of twenty five lakh rupees in a financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year.

Explanation: - For the purpose of this clause, 'general public' means the body of people at large sufficiently defined by some common quality of public or impersonal nature.

- 10. "commodity exchange" means an association as defined in section 2 (j) and recognized under section 6 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952),
- 11. "contract carriage" has the meaning assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
- 12. "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but does not include any discount offered on the published charges for such unit,
- 13. "distributor or selling agent" has the meaning assigned to them in clause (c) of the rule 2 of the Lottery (Regulation) Rules, 2010 notified by the Government of India in the Ministry of Home Affairs published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), vide number G.S.R. 278(E), dated the 1st April, 2010 and shall include distributor or selling agent authorised by the lottery organising State,
- 14. "general insurance business" has the meaning assigned to it in clause (g) of section 3 of General Insurance Business (Nationalisation) Act, 1972 (57 of 1972),
- 15. "goods carriage" has the meaning assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
- 16. "health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine and includes services by way of supply of meals for the patient or transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma,
- 17. "incubatee" means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products,
- 18. "insurance company" means a company carrying on life insurance business or general insurance business,
- 19. "life insurance business" has the meaning assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938),

20. "original works" means -
- (a) all new constructions; or
 - (b) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable,
21. "principal manufacturer" means any person who gets goods manufactured or processed on his account from another person,
22. "recognized sports body" means (i) the Indian Olympic Association, (ii) Sports Authority of India, (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations, (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government, (v) the International Olympic Association or a federation recognised by the International Olympic Association or (vi) a federation or a body which regulates a sport at international level,
23. "religious place" means a place which is primarily meant for conduct of prayers or worship pertaining to a religion,
24. "residential complex" means any complex comprising of a building or buildings, having more than one single residential unit,
25. "rural area" means the area comprised in a village as defined in land revenue records, excluding,-
- (i) the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or
 - (ii) any area that may be notified as an urban area by the Central Government or a State Government,
26. "single residential unit" means an independent residential unit with specific facilities for living, cooking and sanitary requirements,
27. "specified international organisation" means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply,
28. "state transport undertaking" has the meaning assigned to it in clause (42) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
29. "sub-broker" has the meaning assigned to it in sub-clause (gc) of clause 2 of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) (Second Amendment) Regulations, 2006,
30. "trade union" has the meaning assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926(16 of 1926).

3. This notification shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.

[F. No. 334/1/2012-TRU]

(Samar Nanda)
Under Secretary to the Government

Government of India
Ministry of Finance
(Department of Revenue)

Notification No. 13/2012- Service Tax

New Delhi, the 17th March, 2012

G.S.R. (E). - In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Finance Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service of the description specified in column (2) of the Table below, from so much of the service tax leviable thereon under section 66B of the said Finance Act, as is in excess of the service tax calculated on a value which is equivalent to a percentage specified in the corresponding entry in column (3) of the said Table, of the gross amount charged by such service provider for providing the said taxable service, subject to the relevant conditions specified in the corresponding entry in column (4) of the said Table, namely:-

Table

Sl.No.	Description of taxable service	Percentage	Conditions
(1)	(2)	(3)	(4)
1	Financial leasing services including equipment leasing and hire purchase	10	Nil.
2	Transport of goods by rail	30	Nil.
3	Transport of passengers, with or without accompanied belongings by rail	30	Nil.
4	Supply of food or any other article of human consumption or any drink, in a premises, including hotel, convention center, club, pandal, shamiana or any place specially arranged for organizing a function	70	CENVAT credit on any goods classifiable under chapter 1 to 22 of the Central Excise Tariff Act, 1985 (5 of 1986) used for providing the taxable service has not been taken under the provisions of the CENVAT Credit Rules, 2004.
5	Transport of passengers by air, with or without accompanied belongings	40	CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
6	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes.	60	Same as above.
7	Transport of goods by	25	CENVAT credit on inputs, capital

	road by Goods Transport Agency		goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
8	Services provided in relation to chit	70	Same as above.
9	Renting of any motor vehicle designed to carry passengers	40	Same as above.
10	Transport of goods in a vessel from one port in India to another	50	Same as above.
11	(i) Services provided or to be provided to any person, by a tour operator in relation to a package tour	25	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The bill issued for this purpose indicates that it is inclusive of charges for such a tour.
	(ii) Services provided or to be provided to any person, by a tour operator in relation to a tour, if the tour operator is providing services solely of arranging or booking accommodation for any person in relation to a tour	10	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The invoice, bill or challan issued indicates that it is towards the charges for such accommodation. (iii) This exemption shall not apply in such cases where the invoice, bill or challan issued by the tour operator, in relation to a tour, only includes the service charges for arranging or booking accommodation for any person and does not include the cost of such accommodation.
	(iii) Services, other than services specified in (i) and (ii) above, provided or to be provided to any person, by a tour operator in relation to a tour	40	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The bill issued indicates that the amount charged in the bill is the gross amount charged for such a tour.

Explanation. –

A. For the purposes of exemption at Serial number 1 –

- (i) Consideration received for the purpose of computing the gross amount charged is an amount, forming or representing as interest, i.e. the difference between the installment paid towards repayment of the lease amount and the principal amount contained in such installment paid;

- (ii) the exemption shall not apply to an amount, other than an amount forming or representing as interest, charged by the service provider such as lease management fee, processing fee, documentation charges and administrative fee.

B. For the purposes of exemption at Serial number 4 -

Consideration received for the purpose of computing the gross amount charged is the sum total of the gross amount and the value of all goods, excluding the value added tax, if any, levied on goods or services supplied free of cost for use in or in relation to the supply of food or any other article of human consumption or any drink, under the same contract or any other contract:

Provided that where the value of goods or services supplied free of cost is not ascertainable, the same shall be determined on the basis of the fair market value of the goods or services that have closely available resemblance.

2. For the purposes of this notification, unless the context otherwise requires,-

(a) "chit" means a transaction whether called chit, chit fund, chitty, kuri, or by whatever name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to a prize amount,

(b) "package tour" means a tour wherein transportation, accommodation for stay, food, tourist guide, entry to monuments and other similar services in relation to tour are provided by the tour operator as part of the package tour to the person undertaking the tour,

(c) "tour operator" means any person engaged in the business of planning, scheduling, organizing, arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours,

(d) "financial leasing" means a lease transaction where—

(i) contract for lease is entered into between parties for leasing of a specific asset;

(ii) the contract is for use and occupation of the asset by the lessee;

(iii) the lease payment is calculated so as to cover the full cost of the asset together with the interest charges; and

(iv) the lessee is entitled to own, or has the option to own, the asset at the end of the lease period after making the lease payment;

3. This notification shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.

(Samar Nanda)
Under Secretary to the Government of India

[F. No. 334/1/2012 -TRU]

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TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

Notification No.14/2012 - Service Tax

New Delhi, the 17th March 2012

G.S.R. (E). - In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service involving import of technology, from so much of the service tax leviable thereon under section 66B of the said Act, as is equivalent to the amount of cess payable on the said import of technology under the provisions of section 3 of the Research and Development Cess Act, 1986 (32 of 1986), subject to the following conditions, namely:-

(a) that the said amount of Research and Development Cess is paid within six months from the date of invoice or in case of associated enterprises, the date of credit in the books of account:

Provided that the exemption shall be available only if the Research and Development Cess is paid at the time or before the payment for the service;

(b) that the records of Research and Development Cess are maintained for establishing the linkage between the invoice or the credit entry, as the case may be, and the Research and Development Cess paymentchallan.

2. This notification shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.

[F. No. 334/1/2012-TRU]

(Samar Nanda)

Under Secretary to the Government of India

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

New Delhi, the 17th March 2012

Notification No.15/2012-Service Tax

GSR. (E).—In exercise of the powers conferred by sub-section (2) of section 68 of the Finance Act, 1994 (32 of 1994), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2004-Service Tax, dated the 31st December, 2004, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* number G.S.R 849 (E), dated the 31st December, 2004, except as respects things done or omitted to be done before such supersession, the Central Government hereby notifies the following taxable services and the extent of service tax payable thereon by the person liable to pay service tax for the purposes of the said sub-section, namely:—

I. The taxable services,—

- (A) (i) provided or agreed to be provided by an insurance agent to any person carrying on the insurance business;
- (ii) provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road, where the consignor or the consignee is,—
- (a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948);
- (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India;
- (c) any co-operative society established by or under any law;
- (d) any dealer of excisable goods, who is registered under the Central Excise Act, 1944 (1 of 1944) or the rules made thereunder;
- (e) any body corporate established, by or under any law; or
- (f) any partnership firm whether registered or not under any law including association of persons;
- (iii) provided or agreed to be provided by way of sponsorship, to anybody corporate or partnership firm located in the taxable territory;
- (iv) provided or agreed to be provided by an arbitral tribunal or an individual advocate or the support service provided or agreed to be provided by Government or local authority, to any business entity located in the taxable territory;
- (v) provided or agreed to be provided by way of renting or hiring any motor vehicle designed to carry passenger or supply of manpower for any purpose or works contract by any individual, Hindu Undivided Family or proprietary firm or partnership firm, whether registered or not, including association of persons; located in the taxable territory to any company formed or registered under the Companies Act, 1956 (1 of 1956) or a business entity registered as body corporate located in the taxable territory;
- (B) in relation to any taxable service provided or agreed to be provided by any person who is located in a non-taxable territory and received by any person located in the taxable territory;

(II) the extent of service tax payable by the person who receives the service and the person who provides the service for the taxable services specified in (I) shall be as specified in the following Table, namely:-

Table

Sl.No.	Description of a service	Percentage of service tax payable by the person providing service	Percentage of service tax payable by the person receiving the service
1	in respect of services provided or agreed to be provided by an insurance agent to any person carrying on insurance business	Nil	100%
2	in respect of services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road	Nil	100%
3	in respect of services provided or agreed to be provided by way of sponsorship	Nil	100%
4	in respect of services provided or agreed to be provided by an arbitral tribunal	Nil	100%
5	in respect of services provided or agreed to be provided by individual advocate	Nil	100%
6	in respect of services provided or agreed to be provided by way of support service by Government or local authority	Nil	100%
7	(a) in respect of services provided or agreed to be provided by way of renting or hiring any motor vehicle designed to carry passenger on abated value. (b) in respect of services provided or agreed to be provided by way of renting or hiring any motor vehicle designed to carry passenger on non abated value.	Nil 60%	100 % 40%
8.	in respect of services provided or agreed to be provided by way of supply of manpower for any purpose	25%	75 %
9.	in respect of services provided or agreed to be provided by way of works contract	50%	50%
10	in respect of any taxable services provided or agreed to be provided by any person who is located in a non-taxable territory and received by any person located in the taxable territory	Nil	100%

2. Person who pays or is liable to pay freight either himself or through his agent for the transportation of goods by road in goods carriage, located in the taxable territory shall be treated as the person who receives the service for the purpose of this notification.

3. This notification shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.

[F.No. 334/1/2012- TRU]

(Samar Nanda)
Under Secretary to the Government of India