

## **CPE STUDY CIRCLE MEETING-**

### **NEGATIVE LIST OF SERVICES**

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#### ***What is Service?***

'Service' has been defined in clause (44) of the new section 65B and means -

- ◆ any activity
- ◆ for consideration
- ◆ carried out by a person for another
- ◆ and includes a declared service.

*The said definition further provides that the following is not 'Service' -*

- ◆ any activity that constitutes only a transfer in title of
  - (i) goods or
  - (ii) immovable property by way of sale, gift or in any other manner
  - (iii) a transfer, delivery or supply of goods, which is deemed to be a sale of goods within the meaning of clause (29A) of article 366 of the Constitution
- ◆ a transaction only in (iv) money or (v) actionable claim
- ◆ a service provided by an employee to an employer in the course of the employment.
- ◆ fees payable to a court or a tribunal set up under a law for the time being in force

There are four explanations appended to the definition of 'service', which is dealt with in later part of this Guidance Note. Each of the ingredients bulleted above have been explained in the points below.

## **CONSIDERATION**

As per Explanation (a) to section 67 of the Act "consideration" includes any amount that is payable for the taxable services provided or to be provided.

Consideration means everything received or recoverable in return for a provision of service which includes monetary payment and any consideration of non- monetary nature or deferred consideration as well as recharges between establishments located in a non-taxable territory on one hand and taxable territory on the other hand.

Activity carried out without any consideration like donations, gifts or free charities are therefore outside the ambit of service.

### **1. Monetary consideration**

Monetary consideration means any consideration received in the form of money. 'Money' has been defined in section 65B and includes not only cash but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler's cheque, money order, postal or electronic remittance or any such similar instrument

### **2. Non-monetary consideration**

Non-monetary consideration essentially means compensation in kind such as the following:

- Supply of goods and services in return for provision of service.
- Refraining or forbearing to do an act in return for provision of service
- Tolerating an act or a situation in return for provision of a service
- Doing or agreeing to do an act in return for provision of service

### ***How to value non-monetary consideration***

The value of non-monetary consideration is determined as per section 67 of the Act and the Service Tax (Determination of Value) Rules

2006, which is equivalent money value of such consideration and if not ascertainable, then as follows:-

- On the basis of gross amount charged for similar service provided to other person in the ordinary course of trade;
- Where value cannot be so determined, the equivalent money value of such consideration, not less than the cost of provision of service

***Transaction only in money***

- The principal amount of deposits in or withdrawals from a bank account.
- Advancing or repayment of principal sum on loan to someone.
- Conversion of Rs 1,000 currency note into one rupee coins to the extent amount is received in money form.
- Chit fund business is not transaction only in money
- The bank charges a commission for preparation of a bank draft or a pay order it is not a transaction only in money

**Exceptions wherein services provided by a person to oneself are taxable**

The general rule is that only services provided by a person to another are taxable. The exceptions, contained in Explanation 2 of clause (44) of section 65B, are:

- An establishment of a person located in taxable territory and another establishment of such person located in non-taxable territory are treated as establishments of distinct persons. [Similar provision exists presently in section 66A (2)].
- An unincorporated association or body of persons and members thereof are also treated as distinct persons. [Also exists presently in part as explanation to section 65].

For example, services provided by a club to its members and services provided by the branch office of a multinational company to the headquarters of the multi-national company located outside India would be taxable provided other conditions relating to taxability of service are satisfied.

## ***Declared services (Section 66E)***

### **Meaning**

Declared service means any activity carried out by a person for another person for consideration and declared as such under section 66E;

The following shall constitute declared services, namely:-

#### **1. Renting of immovable property;**

Renting means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;

#### **2. Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority.**

##### **(I) "competent authority" means**

- a. the Government or
- b. any authority authorised to issue completion certificate under any law for the time being in force
- c. Architect registered with the Council of Architecture
- d. Chartered engineer registered with the Institution of Engineers (India); or
- e. Licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(The expression "construction" includes additions, alterations, replacements or remodelling of any existing civil structure;

3. Temporary transfer or permitting the use or enjoyment of any intellectual property right;

4. Development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;

*Information technology software* means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment;

5. Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;

6. Transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods;

7. Activities in relation to delivery of goods on hire purchase or any system of payment by instalments;

8. Service portion in the execution of a works contract;

*Works contract* means a contract wherein transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods and such contract is for the purpose of carrying out construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, alteration of any movable or immovable property or for carrying out any other similar activity or a part thereof in relation to such property;

9. Service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity.

***Negative list of services (Section 66D)***

The following is the negative list of services.

1. Services rendered by Government or a local authority excluding the following services to the extent they are not covered elsewhere-

- (i) Services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government;
- (ii) Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- (iii) Transport of goods or passengers; or
- (iv) Support services, other than services covered under clauses (i) to (iii) above, provided to business entities;

Support services means infrastructural, operational, administrative, logistic, marketing or any other support of any kind comprising functions that entities carry out in ordinary course of operations themselves but may obtain as services by outsourcing from others for any reason whatsoever and shall include advertisement and promotion, construction or works contract, renting of immovable property, security, testing and analysis;

- 2. Services by the Reserve Bank of India;
- 3. Services by a foreign diplomatic mission located in India;
- 4. Services relating to agriculture by way of-

- (i) Agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or seed testing;

**NOTE. The word seed as above has been omitted by Finance Act 2013**

- (ii) Supply of farm labour;
- (iii) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;
- (iv) Renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;

(v) Loading, unloading, packing, storage or warehousing of agricultural produce;

(vi) Agricultural extension services;

(vii) Services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;

Agriculture means the cultivation of plants and rearing of all life-forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products;

Agricultural extension means application of scientific research and knowledge to agricultural practices through farmer education or training;

Agricultural produce means any produce of agriculture on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;

5. Trading of goods;

6. Any process amounting to manufacture or production of goods;

Process amounting to manufacture or production of goods" means a process on which duties of excise are leviable under section 3 of the Central Excise Act, 1944 or any process amounting to manufacture of alcoholic liquors for human consumption, opium, Indian hemp and other narcotic drugs and narcotics on which duties of excise are leviable under any State Act for the time being in force;

**NOTE. The above provision has been amended by Finance Act 2013 to include processes on which duties of excise are leviable under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955**

7. Selling of space or time slots for advertisements other than advertisements broadcast by radio or television;

Advertisement means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper,

television, radio or any other means but does not include any presentation made in person;

- 8.** Service by way of access to a road or a bridge on payment of toll charges;
- 9.** Betting, gambling or lottery;
- 10.** Admission to entertainment events or access to amusement facilities;

Entertainment event means an event or a performance which is intended to provide; recreation, pastime, fun or enjoyment, by way of exhibition of cinematographic film, circus, concerts, sporting event, pageants, award functions, dance, musical or theatrical performances including drama, ballets or any such event or programme;

Amusement facility means a facility where fun or recreation is provided by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks, theme parks or such other places but does not include a place within such facility where other services are provided

- 11.** Transmission or distribution of electricity by an electricity transmission or distribution utility;

Electricity transmission or distribution utility means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003; or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case may be, the State Government;

- 12.** Services by way of-

- (i) Pre-school education and education up to higher secondary school or equivalent;



(ii) Education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;

(iii) Education as a part of an approved vocational education course;

**13.** "*approved vocational education course*" means,-

(i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or **(52 of 1961.)**

(ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Employment and Training, Union Ministry of Labour and Employment; or

(iii) a course run by an institute affiliated to the National Skill Development Corporation set up by the Government of India;

**14.** Services by way of renting of residential dwelling for use as residence;

Services by way of-

(i) Extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount;

(ii) Inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers;

**15.** Service of transportation of passengers, with or without accompanied belongings, by-

(i) A stage carriage;

(ii) Railways in a class other than-

A. First class; or

B. An airconditioned coach;

(iii) Metro, monorail or tramway;

(iv) Inland waterways;

(v) Public transport, other than predominantly for tourism purpose, in a vessel of less than fifteen tonne net; and

(vi) metered cabs, radio taxis or auto rickshaws;

Metered cab means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 (**59 of 1988.**) and the rules made thereunder;

**16. Services by way of transportation of goods-**

(i) By road except the services of-

**a.** goods transportation agency; or

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;

**b.** A courier agency;

Courier agency means any person engaged in the 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;

(ii) By an aircraft or a vessel from a place outside India to the first customs station of landing in India; or

(iii) By inland waterways;

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

**EXEMPTED SERVICES**

**Exemptions from Service tax - Mega Notifications - Notification No. 25/2012-S.T.**

The following taxable services are exempt from the whole of the service tax leviable thereon under section 66B of the said Act, namely :-

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

**specified international organization**

It means an international organization declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 to which the provisions of the Schedule to the said Act apply

List of specified international organisations are as follows:

1. International Civil Aviation Organisation
2. World Health Organisation
3. International Labor Organisation
4. Food and Agriculture Organisation of the United Nations
5. UN Educational, Scientific and Cultural Organisation (UNESCO)
6. International Monetary Fund (IMF)
7. International Bank for Reconstruction and Development
8. Universal Postal Union
9. International Telecommunication Union
10. World Meteorological Organisation
11. Permanent Central Opium Board
12. International Hydrographic Bureau
13. Commissioner for Indus Waters, Government of Pakistan and his advisers and assistants

14. Asian African Legal Consultative Committee
15. Commonwealth Asia Pacific Youth Development Centre, Chandigarh
16. Delegation of Commission of European Community
17. Customs Co-operation Council
18. Asia Pacific Telecommunity
19. International Centre of Public Enterprises in Developing Countries, Ljubljana (Yugoslavia)
20. International Centre for Genetic Engineering and Biotechnology
21. Asian Development Bank
22. South Asian Association for Regional Co-operation
23. International Jute Organisation, Dhaka, Bangladesh

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

**Health care services.**

It means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India and includes services by way of transportation of the patient to and from a clinical establishment.

The following does not constitute Health Care Services

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;

### **Clinical establishment**

It means a hospital, nursing home, clinic, sanatorium or any other institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicines in India, or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases

### **Authorized medical practitioner**

It means a medical practitioner registered with any of the councils of the recognised system of medicines established or recognized by law in India and includes a medical professional having the requisite qualification to practice in any recognised system of medicines in India as per any law for the time being in force.

### **Recognised system of Medicine**

The following systems of medicine are recognized systems of medicine:

- Allopathy
  - Yoga
  - Naturopathy
  - Ayurveda
  - Homeopathy
  - Siddha
  - Unani
- Any other system of medicine that may be recognized by central government

### **3. Services by a veterinary clinic in relation to health care of animals or birds;**

### **4. Services by an entity registered under section 12AA of the Income tax Act, 1961 by way of charitable activities.**

#### **Charitable activities**

It means activities relating to -

- (i) Public health by way of

- a) care or counseling of
  - (i) terminally ill persons or persons with severe physical or mental disability,
  - ii) persons afflicted with HIV or AIDS, or (iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
- b) public awareness of preventive health, family planning or prevention of HIV infection;
- (ii) advancement of religion or spirituality;
- (iii) advancement of educational programmes or skill development relating to,-
  - (a )abandoned, orphaned or homeless children;
  - (b) physically or mentally abused and traumatized persons;
  - (c) prisoners; or
  - (d) persons over the age of 65 years residing in a rural area;
- (iv) Preservation of environment including watershed, forests and wildlife; or
- (v) Advancement of any other object of general public utility up to a value of,-
  - a) Eighteen lakh and seventy five thousand rupees for the year 2012-13 subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during 2011-12;
  - b) Twenty five lakh rupees in any other financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year;

**NOTE. The Finance Act 2013 has been omitted the above item (v)**

**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**

General public means the body of people at large sufficiently defined by some common quality of public or impersonal nature;

Religious place means a place which is primarily meant for conduct of prayers or worship pertaining to a religion, meditation, or spirituality;

**6. Services provided by Advocates and arbitral Tribunal**

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,-

c)

(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;

Legal service means any service provided in relation to advice, consultancy or assistance in any branch of law, in any manner and includes representational services before any court, tribunal or authority

d) a person represented on an arbitral tribunal to an arbitral tribunal;

**7. Services by way of technical testing or analysis**

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**

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**

Services provided to or by an educational institution in respect of education exempted from service tax, by way of,-

**NOTE. The word provided to has been substituted by finance Act 2013 instead of provided to or by**

(a) Auxiliary educational services;

**Auxiliary educational services**

It means any services relating to imparting any skill, knowledge, education or development of course content or any other knowledge – enhancement activity, whether for the students or the faculty, or any other services which educational institutions ordinarily carry out themselves but may obtain as outsourced services from any other person, including services relating to admission to such institution, conduct of examination, catering for the students under any mid-day meals scheme sponsored by Government, or transportation of students, faculty or staff of such institution;

(b) Renting of immovable property;

**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;



## **Recognized sports body**

It 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 organizations recognised by the Ministry of Sports and Youth Affairs of the Central Government, (v) the International Olympic Association or a federation recognised by the International Olympic Association or (vi) a federation or a body which regulates a sport at international level and its affiliated federations or bodies regulating a sport in India;

## **11. Services by way of sponsorship of sporting events organized**

- 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**

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) 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 65B of the said Act

**Governmental authority**

It means a board, or an authority or any other body established with 90% or more participation by way of equity or control by Government and set up by an Act of the Parliament or a State Legislature to carry out any function entrusted to a municipality under article 243W of the Constitution;

**13. Services provided by way of construction, erection.**

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 AwaasYojana;
- c) a building owned by an entity registered under section 12AA 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 of Original Works**

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 meters 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) Mechanized food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages

#### **Single residential unit**

It means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family

#### **Residential complex**

It means any complex comprising of a building or buildings, having more than one single residential unit

**Original works**

It means has the meaning assigned to it in Rule 2A of the Service Tax (Determination of Value) Rules, 2006

**15. Temporary transfer of Copy Right**

Temporary transfer or permitting the use or enjoyment of a copyright covered under clauses (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;

**NOTE. The word (b) above has been removed and inserted Cinematograph films for exhibition in cinema hall or Cinema Theater by finance Act 2013**

**16. Services by a performing artist**

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

**Brand ambassador**

It means a person engaged for promotion or marketing of a brand of goods service, property or actionable claim, event or endorsement of name including a trade name, logo or house mark of any person;

**17. Services by News Agency**

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.**

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

### **Declared tariff**

It includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit;

### **19. Services provided in relation to serving of food or beverages by a restaurant**

Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having (i) the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and (ii) a licence to serve alcoholic beverages;

**NOTE; The above provision has been amended by Finance Act 2013 by removing the word a licence to serve alcoholic beverages;**

### **20. Services by way of transportation by rail or a vessel**

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.
- 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;

**NOTE.** Items (a),(d) and (e) above shall be omitted by Finance Act 2013

## **21. Services provided by a goods transport agency**

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 for the transportation of goods 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

Goods carriage has the meaning assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988

**NOTE. Instead of above the following provision has been substituted by Finance Act 2013**

- (a) agricultural produce
- (b) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
- (c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;

(d) 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;”;

## **22. Renting of Motor vehicle**

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

State transport undertaking has the meaning assigned to it in clause (42) of section 2 of the Motor Vehicles Act, 1988

## **23. Transport of passengers**

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.

Contract carriage has the meaning assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988

## **24. Parking services**

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

**NOTE. The above provision has been omitted by finance Act 2013**

## **25. Services provided to Government, a local authority**

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
- b) repair or maintenance of a vessel or an aircraft.

**NOTE The word an Aircraft has been removed by Finance Act 2013**

## **26. Services of general insurance business**

Services of general insurance business provided under following schemes -

- a) Hut Insurance Scheme;
- b) Cattle Insurance under Swarnajaynti Gram SwarozgarYojna (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 ArogyaBima Policy;
- j) National Agricultural Insurance Scheme (RashtriyaKrishiBimaYojana);
- k) Pilot Scheme on Seed Crop Insurance;
- l) Central Sector Scheme on Cattle Insurance;
- m) Universal Health Insurance Scheme;
- n) RashtriyaSwasthyaBimaYojana; or
- o) Coconut Palm Insurance Scheme

**General insurance business** has the meaning assigned to it in clause (g) of section 3 of General Insurance Business (Nationalisation) Act, 1972.

## **27. Services provided by an incubatee**

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

**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;

## **28. Service by an unincorporated body or Trade union**

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

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

**29. Services by the following persons in respective capacities -**

- a) sub-broker or an authorised person to a stock broker;
- b) Authorized 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

**Authorised person**

Authorised person means any person who is appointed as such either by a stock broker (including trading member) or by a member of a commodity exchange and who provides access to trading platform of a stock exchange or a commodity exchange as an agent of such stock broker or member of a commodity exchange.

**Business facilitator or business correspondent**

Business facilitator or business correspondent means an intermediary appointed under the business facilitator model or the business correspondent model by a banking company or an insurance company under the guidelines issued by Reserve Bank of India.

**Commodity exchange**

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

**Sub-broker**

Sub-broker has the meaning assigned to it in sub-clause (gc) of clause 2 of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992

Insurance company means a company carrying on life insurance business or general insurance business

Life insurance business has the meaning assigned to it in clause (11) of section 2 of the Insurance Act, 1938.

Distributor or selling agent has the meaning assigned to them in clause (c) of the rule 2 of the Lottery (Regulation) Rules, 2010 and shall include distributor or selling agent authorised by the lottery-organising State;

**30. Job Works**

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

#### **Appropriate duty**

It means duty payable on manufacture or production under a Central Act or a State Act, but shall not include 'Nil' rate of duty or duty wholly exempt

#### **Principal manufacturer**

Principal manufacturer means any person who gets goods manufactured or processed on his account from another person

### **31. Business Exhibition.**

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 animals.**

### **34. Service received from Non Taxable Territory**

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. Public Libraries**

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

### **36. Employees' State Insurance**

Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);

### **37. Transfer of Business**

Services by way of transfer of a going concern, as a whole or an independent part thereof;

### **38. Public conveniences**

Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;

### **39. Municipalities Function**

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.

This notification shall come into force on the 1st day of July, 2012.