

105. TELECOMMUNICATION SERVICES

A) Date of Introduction: 01.06.2007 vide Notification no. 23/2007-S.T., dated 22.05.2007

(B) Definition and scope of service:

“Taxable Service” means any service provided or to be provided to any person, by the telegraph authority in relation to telecommunication service.
(Section 65 (105) (zzzx) of Finance Act, 1994 as amended)

“Telecommunication service” means service of any description provided by means of any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence or information of any nature, by wire, radio, optical, visual or other electro-magnetic means or systems, including the related transfer or assignment of the right to use capacity for such transmission, emission or reception by a person who has been granted a licence under the first proviso to sub-section (1) of section 4 of the Indian Telegraph Act, 1885 (13 of 1885) and includes—

(i) voice mail, data services, audio tex services, video tex services, radio paging;

(ii) fixed telephone services including provision of access to and use of the public switched telephone network for the transmission and switching of voice, data and video, inbound and outbound telephone service to and from national and international destinations;

(iii) cellular mobile telephone services including provision of access to and use of switched or non-switched networks for the transmission of voice, data and video, inbound and outbound roaming service to and from national and international destinations.

(iv) carrier services including provision of wired or wireless facilities to originate, terminate or transit calls, charging for interconnection, settlement or termination of domestic or international calls, charging for jointly used facilities including pole attachments, charging for the exclusive use of circuits, a leased circuit or a dedicated link including a speech circuit, data circuit or a telegraph circuit;

(v) provision of call management services for a fee including call waiting, call forwarding, caller identification, three-way calling, call display, call return, call screen, call blocking, automatic call-back, call answer, voice mail, voice menus and video conferencing;

(vi) private network services including provision of wired or wireless telecommunication link between specified points for the exclusive use of the client;

(vii) data transmission services including provision of access to wired or wireless facilities and services specifically designed for efficient transmission of data; and

(viii) communication through facsimile, pager, telegraph and telex, but does not include service provided by-

(a) any person in relation to on-line information and database access or retrieval or both referred to in sub-clause (zh) of clause (105);

(b) a broadcasting agency or organisation in relation to broadcasting referred to in sub-clause (zk) of clause (105); and

(c) any person in relation to [internet telecommunication service] referred to in sub-clause (zzzu) of clause (105).

(Section 65 (109a) of Finance Act, 1994 as amended)

"Telegraph authority" has the meaning assigned to it in clause (6) of section 3 of the Indian Telegraph Act, 1885 (13 of 1885) and includes a person who has been granted a licence under the first proviso to sub-section (1) of section 4 of that Act;

(Section 65 (111) of Finance Act, 1994 as amended)

"Facsimile (FAX)" means a form of telecommunication by which fixed graphic images, such as printed texts and pictures are scanned and the information converted into electrical signals for transmission over the telecommunication system;

(Section 65 (42) of Finance Act, 1994 as amended)

"On-line information and database access or retrieval" means providing data or information, retrievable or otherwise, to a customer, in electronic form through a computer network;

(Section 65 (75) of Finance Act, 1994 as amended)

" Internet telecommunication service" includes,-

(I) Internet backbone services, including carrier services of internet traffic by one Internet traffic by one Internet Service Provider to another Internet Service provider,

(II) Internet access services, including provision of a direct connection to the internet and space for the customer's web page,

(III) Provision of telecommunication services, including fax, telephony, audio conferencing and video conferencing, over the internet.

(Section 65 (57a) of Finance Act, 1994 as amended)

"Pager" means an instrument, apparatus or appliance which is a non-speech, one way personal calling system which alert and has the capability of receiving, storing and displaying numeric or alpha-numeric message.

(Section 65 (77) of Finance Act, 1994 as amended)

"Telegraph" has the meaning assigned to it in clause (1) of section 3 of the Indian Telegraph Act, 1885 (13 of 1885).

(Section 65 (110) of Finance Act, 1994 as amended)

"Telex" means a typed communication by using teleprinters through telex exchanges;

(Section 65 (112) of Finance Act, 1994 as amended)

(C) Rate of Tax & Accounting Code:

	Rate of Tax	Accounting Code
Service Tax	10% of the value of services	00440398
Education Cess	2% of the service tax payable	00440298
Secondary and Higher Education cess	1% of the service tax payable.	00440426
Other – Penalty/interest	As levied or applicable	00440399

(Rate of tax is effective from 24.02.2009.)

(D) Classification of Taxable Services:

- (1) The classification of taxable services shall be determined according to the terms of the sub-clauses (105) of section 65;
- (2) When for any reason , a taxable service is prima facie, classifiable under two or more sub-clauses of clause (105) of section 65, classification shall be effected as follows :-
 - (a) the sub-clause which provides the most specific description shall be preferred to sub-clauses providing a more general description;
 - (b) composite services consisting of a combination of different services which cannot be classified in the manner specified in clause (a), shall be classified as if they consisted of a service which gives them their essential character, in so far as this criterion is applicable;
 - (c) when a service cannot be classified in the manner specified in clause (a) or clause (b), it shall be classified under the sub-clause which occurs first among the sub-clauses which equally merits consideration.

(Sec.65A of Finance Act,1994)

(E) Valuation of taxable services for charging Service tax

- (1) Service tax chargeable on any taxable service with reference to its value shall,—
 - (i) in a case where the provision of service is for a consideration in money, be the gross amount charged by the service provider for such service provided or to be provided by him;
 - (ii) in a case where the provision of service is for a consideration not wholly or partly consisting of money, be such amount in money, with the addition of service tax charged, is equivalent to the consideration;

- (iii) in a case where the provision of service is for a consideration which is not ascertainable, be the amount as may be determined in the prescribed manner.
- (2) Where the gross amount charged by a service provider, for the service provided or to be provided is inclusive of service tax payable, the value of such taxable service shall be such amount as, with the addition of tax payable, is equal to the gross amount charged.
- (3) The gross amount charged for the taxable service shall include any amount received towards the taxable service before, during or after provision of such service.
- (4) Subject to the provisions of sub-sections (1), (2) and (3), the value shall be determined in such manner as may be prescribed.

Explanation.—For the purposes of this section,—

(a) “consideration” includes any amount that is payable for the taxable services provided or to be provided;

(b) “money” includes any currency, cheque, promissory note, letter of credit, draft, pay order, travellers cheque, money order, postal remittance and other similar instruments but does not include currency that is held for its numismatic value;

(c) “gross amount charged” includes payment by cheque, credit card, deduction from account and any form of payment by issue of credit notes or debit notes and book adjustment, and any amount credited or debited, as the case may be, to any account, whether called “Suspense account” or by any other name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is with any associated enterprise.

(Sec.67 of Finance Act,1994)

Inclusion in or Exclusion from value of certain expenditure or cost:

(1) Where any expenditure or costs are incurred by the service provider in the course of providing taxable service, all such expenditure or costs shall be treated as consideration for the taxable service provided or to be provided and shall be included in the value for the purpose of charging service tax on the said service.

[Rule 5(1) of Service Tax (Determination of Value) Rules,2006]]

(2) The expenditure or costs incurred by the service provider as a pure agent of the recipient of service, shall be excluded from the value of the taxable service if all the following conditions are satisfied, namely:-

- (i) the service provider acts as a pure agent of the recipient of service when he makes payment to third party for the goods or services procured;
- (ii) the recipient of service receives and uses the goods or services so procured by the service provider in his capacity as pure agent of the recipient of service;

- (iii) the recipient of service is liable to make payment to the third party;
- (iv) the recipient of service authorizes the service provider to make payment on his behalf;
- (v) the recipient of service knows that the goods and services for which payment has been made by the service provider shall be provided by the third party;
- (vi) the payment made by the service provider on behalf of the recipient of service has been separately indicated in the invoice issued by the service provider to the recipient of service;
- (vii) the service provider recovers from the recipient of service only such amount as has been paid by him to the third party; and
- (viii) the goods or services procured by the service provider from the third party as a pure agent of the recipient of service are in addition to the services he provides on his own account.

[Rule 5(2) of Service Tax (Determination of Value) Rules, 2006)]

(F) Clarifications issued by the Board/ Ministry:

Master Circular no. 96/7/2007-ST, dated 23.8.2007 Of C.B.E& C, relevant to this service.

Ref. code	Issue	Clarification
(1)	(2)	(3)
002.01/2 3.8.07	Whether service tax is liable on the amount collected as surcharge for delayed payment of telephone bills?	An amount collected for delayed payment of a telephone bill is not to be treated as consideration charged for provision of telecom service and, therefore, does not form part of the value of taxable service under section 67 read with service Tax (Determination of Value) Rules, 2006.

Clarifications/ Instructions issued prior to 23rd August, 2007

Inter-connectivity linked charges are nothing but charges for providing 'leased circuits'.

This service (leased circuits) has been brought under the coverage of service tax w.e.f. 16.7.2001. While issuing Board's clarification dated 14.3.2001 it was inter alia intimated that this service was not taxable. However, since 'leased circuits' have become taxable w.e.f. 16.7.2001 only, Board's clarification dated 14.3.2001 stands modified accordingly. In short, no service tax is leviable in respect of rentals for junction links; port charges and infrastructure charges made by BSNL from basic/ cellular telephone service providers.

However, service tax is leviable w.e.f. 16.7.2001 on 'inter-connection linked charges' recovered by BSNL from BTSPs as well as CMSPs.

[Vide M.f. (D.R)Circular No. 46/9/2002-S.T., dated 8.8.2002 and corrected by corrigendum F.No. 149/2/2002-CX.4, dated 16.8.2002.

International in-bound roaming liable to service tax under Telephone Service-

- (1) A question has arisen regarding the applicability of service tax levy on roaming service provided to an international in-bound roamer, i.e., subscriber of a foreign telecom network, when in India, by an Indian telecom service provider. The telecom operators are of the view that in-bound roamer is not a subscriber as no telephone connection is provided to him and such roamer does not undergo the processes of registering as subscriber like entering into contract with the visiting network, furnishing of identity, etc.
- (2) "Roaming" is a widely used term in wireless telecommunications that refers to extension of connectivity service in a location that is different from the location/network area of home network, ;and it occurs when a subscriber of one wireless service provider physically moves to the network area of another wireless service provider. "International roaming" refers to the ability of a subscriber to move to a foreign service provider's network and use its network for making and / or receiving a telephone call.
- (3) To enable an in-bound roamer to hook on to the visited network and avail of telephone service, a temporary internal number is assigned by such network. Any call made to/ from a roaming mobile is routed through the visited network like any other call. The details of usage of service by such a subscriber are captured and billing account is transferred to the home network for receiving the payments. The home operator then bills these calls to his subscribers. Roaming fees are traditionally charged on a per minute basis, and they are typically determined by the service provider's pricing plan.
- (4) In terms of the provisions of the Finance Act, 1994, telephone connection service means 'any service provided to a subscriber by the telegraph authority in relation to a telephone connection'. Subscriber means 'a person to whom any service of a telephone connection has been provided by the telegraph authority'. During international roaming, the visiting network provides service to a person treating him as a subscriber on a temporary basis for the period during which service is availed of by such person from the visited network. The only difference is that the payment is not directly received from the subscriber, but the same is routed through the home network. However, this does not alter the essential characteristics of the service, which is of a telephone connection. As regards the argument that no telephone connection is provided to an in-bound roamer, telephone connection does not necessarily mean providing a telephone instrument or providing a SIM card. Telephone connection is provided so long as the telecom operator provides the facility to a person to make a connection for making or receiving a call (using a telephone) by assigning a unique identification number to line/ instrument or card used for making a call. An identification number is essential, inter alia, for routing the call to such line/ instrument or card and to bill for the call charges based upon the duration of a call. Even if this number is allocated temporarily and internally, it remains a service of telephone connection. Further, the issues of entering into a contract or verification of the subscriber are not relevant to the levy of service tax.

- (5) Therefore, during the period of roaming, the Indian telecom service provider provides telephone service to an international in-bound roamer. This service to in-bound roamers is delivered and consumed in India and, therefore, it is not an export of service. International practice treats the telephone service provided to an in-bound roamer by the visited network, for purposes of taxation, in the same manner as a telephone service provided to any home subscriber.
- (6) Accordingly, the domestic telecom operators providing roaming service to international in-bound roamers are liable to pay service tax on the amount received through the home network on account of service provided to such international roaming subscriber.
- (7) The field formations may take action, for collection of service tax on the basis of this circular only in respect of such services which would be provided to an international in-bound roamer from 15.1.2007 onwards. For the period prior to this date, the matter is under examination of the board.

[Vide CBE & C. Circular No. 90/1/2007-S.T., dated 3.1.2007 – 2007 (5) S.T.R. (C13).

Interconnect Usage charges (IUC) –Clarifications on Service tax applicability-

The interconnection service is provided by one telegraph authority to another to enable the telephone subscribers of these telegraph authorities to connect with each other. Interconnection in technical terms means the commercial and technical arrangements under which service providers connect their equipment, networks, and services to enable their customers to have access to the customers, services, and networks of other service providers. For providing interconnection, the telegraph authority collects interconnect usage charges (IUC). A question has been raised as to whether this service is taxable and accordingly, whether service tax is applicable to IUC.

2. In past, divergent clarifications/ instructions have been issued on this matter. However, in view of representations and submissions of service provider, the issue of taxability of IUC has been examined a fresh, in consultation with service providers through the Cellular Operators association of India.

3. As stated above, the interconnection usage service is provided by one telegraph authority to another telegraph authority. In terms of the existing definition, in the Finance Act, 1994, "telephone service" means any service provided to a subscriber by the telegraph authority in relation to a telephone connection. The subscriber means a person to whom any service of a telephone connection has been provided by the telegraph authority. Therefore, a subscriber in respect of telephone service is the person who avails of service of telephone connection. While providing service of interconnection usage, no service of telephone connection is provided to recipient telegraph authority. No doubt, it is a service in relation to a telephone connection; however, as soon as service is not provided directly to a subscriber (as mentioned above), the service may not fall in the category of telephone service. Therefore, IUC would not be taxable under the category of service. Opinion of law ministry/ attorney general has also been obtained in the matter. Law Ministry and attorney general have opined that IUC is not taxable in any of the existing taxable services.

4. However, vide Finance act, 2007, a new definition of 'tele-communication service' has been incorporated vide clause (104) of section 65 of the Finance Act, 1994 and IUC has been specifically incorporated in the definition of 'telecommunication service' to make it a taxable service. Further, any service provided or to be provided to any person, by a telegraph authority in relation to 'telecommunication service' has been made taxable. This amendment will come into effect from a date to be notified by the Government after enactment of Finance Bill, 2007. Therefore, after this amendment comes into effect, service tax would be applicable to IUC charges.

5. It is, therefore, clarified that for the period prior to the date when the amended definition of "telecommunication service" comes into effect, service tax is not applicable to IUC. Accordingly, all contrary circulars/ instructions issued in the matter are withdrawn. Pending cases may be decided in terms of this clarification.

[Vide CBE & C. Circular No. 91/2/2007-S.T., dated 12.3.2007 – 2007 (6) S.T.R. (C3).

Rental charged by the Telephone service providers-

The rental charges are included in computing the value of taxable service provided by Telephone service Providers. Thus, Service tax applies to call charges, including rentals.- vide clarification issued by DGST, in October, 2003.

[Vide clarification issued by DGST in October, 2003]

Service provided by BSNL to basic/ cellular telephone service providers whether taxable.-

- (1) I am directed to say that doubts have been raised regarding recovery of service tax on certain services provided by Bharat Sanchar Nigam Ltd. (BSNL) to Basic Telephone Service Providers (BSTP) and Cellular Mobile Service Providers (CMSP). References have been received from the cellular Operators Association of India, New Delhi, and the Department of Telecom (DOT). The services relating to which doubts have been raised are the following:
 - (i) **'Inter-connection link charges'**: These are charges relating to interconnectivity provided between the basic/ cellular telephone providers and the BSNL/ MTNL exchanges. This enables the private basic telephone operators or the mobile service providers to access BSNL telephone lines and vice-versa. This interconnection can be through a cable owned by the BSNL; in which case a monthly/ annual rent is charged. If the cable has been laid/ provided by the private basic/ cellular telephone service provider no rental is charged by BSNL.
 - (ii) **'Rentals for junction links'**: These relate to charges for using junction links of the BSNL/ MTNL from one exchange to another.
 - (iii) **'Port charges'**: These are something like entry charges for allowing access into the BSNL network.

- (iv) **'Infrastructure charges'**: Sometimes the basic as well as cellular telephone service providers need space to keep their own equipments to facilitate the interconnectivity. This space, when provided by the DOT, a rental is covered from them by the DOT.
- (2) This issue had been examined earlier in the Board on a reference received from the BSNL and a clarification was issued vide letter F.No. 149/1/2000-CX.4, dated 14.3.2001 (addressed to BSNL with copies to all Chief Commissioners) that so far as BTSPs are concerned no service tax was leviable in respect of services listed at (i), (ii) and (iv) above. The clarification did not mention anything about 'port charges'.
- (3) It has been reported by the DOT that since Board's clarification dated 14.3.2001 referred to BTSPs only, service tax continued to be collected by them on the same services if provided to the CMSPs.
- (4) The matter has been examined in the Board. So far as the above 4 services are concerned, no difference can be drawn between BTSPs and CMSPs.
- (5) It is clarified that in respect of services listed at (ii), (iii) and (iv), above no service tax is presently leviable.
- (6) So far as 'inter-connectivity linked charges' are concerned these are nothing but charges for providing 'leased circuits'. This service (leased circuits) has been brought under the coverage of service tax w.e.f. 16.7.2001. While issuing Board's clarification dated 14.3.2001 it was inter alia intimated that this service was not taxable. However, since 'leased circuits' have become taxable. However, since 'leased circuits' have become taxable w.e.f. 16.7.2001 only, Board's clarification dated 14.3.2001 stands modified accordingly.
- (7) In short, no service tax is liviable in respect of services listed at (ii), (iii) and (iv) above both for BTSPs and CMSPs. However, service is leviable w.e.f. [16.7.2001] on 'inter-connection linked charges' recovered by BSNL from BTSPs as well as CMSPs.

[Vide M.F. (D.R)Circular No. 46/9/2002-S.T., dated 8.8.2002 and corrected by Corrigendum F.No. 149/2/2002-CX.4, dated 16.8.2002]

Leased circuits/ telegraph service/ telex service/facsimile service-Scope of.-

- (1) As per section 65 taxable service in relation to these services is any service provided, to a subscriber, by the telegraph authority in relation to leased circuits, telegraph, telex and facsimile communication.
- (2) As regards facsimile services, at present the telegraph authorities are providing it in two ways. One is "bureau fax" where the charges are based on a flat rate per page depending upon paper size and the other is 'ordinary fax' where charges are equivalent to the number of calls consumed in faxing the paper. In case of "bureau fax", this is provide by the Department of telecom through post and telegraph offices. In the second type of facsimile service, the service charges are equal to the telephone calls consumed and it is already covered in the ambit of service

tax under the category of telephone connections. Therefore, service tax will not be payable in respect of those facsimile services where service charges are based on the number of telephone calls consumed. Private fax operators are providing the second kind of facsimile service and therefore, they are not liable to service tax again.

- (3) In respect of telegraph, telex and leased services, any services provided by the telegraph authority in this regard is the taxable service and service tax on such services shall be collected in the same manner as applicable to telephone services [now under Telecommunication Service].

[Vide M.F (D.R) Letter F.No. 11/1/2001-TRU., dated 9.7.2001.]

Pagers-scope of- It is gathered that in the case of paging services, the telegraph authorities normally charge the subscriber in advance on a quarterly basis for the paging service provided. The service tax will be chargeable on the gross amount charged from the subscriber.

[Vide Service Tax Circular F.No. 341/43/96-TRU.dated 31.10.1996].

Telecommunication Services Scope- Following telecommunication related services, which are presently specified as separate taxable services, namely:

- (i) Telephone connection [sub-clause (b) of section 65(105)]
- (ii) Pager [sub-clause (c) of section 65(105)]
- (iii) Leased circuit [sub-clause (zd) of section 65(105)]
- (iv) Communication through telegraph [sub-clause (ze) of section 65(105)]
- V) Communication through telex [sub-clause (zf) of section 65(105)]
- vi) Facsimile communication [sub-clause (zg) of section 65(105)]

are being merged under the proposed "telecommunication service" [sub-clause (zzzx) of section 65(105)], and the term "telecommunication service" [section 65(109a)] is being defined comprehensively. Specific inclusion and exclusion of telecom services may be seen in the definition.

Services provided by the telegraph authority to any person in relation to telecommunication are covered under this service. It may be noted that the present condition namely, recipient of service needs to be a subscriber, under telecommunication related services has been changed under the proposed Telecommunication service. Telecommunication Service includes services provided to any person and not confined only to subscriber.

[Vide M.F. (D.R) Letter D.O.F.No. 334/1/2007-TRU., dated 28.2.2007-2007 (5) S.T.R. (C27)].

(G) Exemption & Exclusion:

1. Exemption to Small Scale Service Providers:

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, on being satisfied that it is necessary in the public interest so to do, hereby exempts taxable services of aggregate value not exceeding **Ten lakh*** rupees in any financial year from the whole of the service tax leviable thereon under section 66 of the said Finance Act:

Provided that nothing contained in this notification shall apply to,-

- (i) taxable services provided by a person under a brand name or trade name, whether registered or not, of another person; or
- (ii) such value of taxable services in respect of which service tax shall be paid by such person and in such manner as specified under sub-section (2) of section 68 of the said Finance Act read with Service Tax Rules, 1994.

2. The exemption contained in this notification shall apply subject to the following conditions, namely:-

(i) the provider of taxable service has the option not to avail the exemption contained in this notification and pay service tax on the taxable services provided by him and such option, once exercised in a financial year, shall not be withdrawn during the remaining part of such financial year;

(ii) the provider of taxable service shall not avail the CENVAT credit of service tax paid on any input services, under rule 3 or rule 13 of the CENVAT Credit Rules, 2004 (herein after referred to as the said rules), used for providing the said taxable service, for which exemption from payment of service tax under this notification is availed of;

(iii) the provider of taxable service shall not avail the CENVAT credit under rule 3 of the said rules, on capital goods received in the premises of provider of such taxable service during the period in which the service provider avails exemption from payment of service tax under this notification;

(iv) the provider of taxable service shall avail the CENVAT credit only on such inputs or input services received, on or after the date on which the service provider starts paying service tax, and used for the provision of taxable services for which service tax is payable;

(v) the provider of taxable service who starts availing exemption under this notification shall be required to pay an amount equivalent to the CENVAT credit taken by him, if any, in respect of such inputs lying in stock or in process on the date on which the provider of taxable service starts availing exemption under this notification;

(vi) the balance of CENVAT credit lying unutilised in the account of the taxable service provider after deducting the amount referred to in sub-paragraph (v), if any, shall not be utilised in terms of provision under sub-rule (4) of rule 3 of the said rules and shall lapse on the day such service provider starts availing the exemption under this notification;

(vii) where a taxable service provider provides one or more taxable services from one or more premises, the exemption under this notification shall apply to the aggregate value of all such taxable services and from all such premises and not separately for each premises or each services; and

(viii) the aggregate value of taxable services rendered by a provider of taxable service from one or more premises, does not exceed rupees ***ten lakhs** in the preceding financial year.

3. For the purposes of determining aggregate value not exceeding **ten***lakh rupees, to avail exemption under this notification, in relation to taxable service provided by a goods transport agency, the payment received towards the gross amount charged by such goods transport agency under section 67 for which the person liable for paying service tax is as

specified under subsection (2) of section 68 of the said Finance Act read with Service Tax Rules, 1994, shall not be taken into account.

Explanation.- For the purposes of this notification,-

- (A) "brand name" or "trade name" means a brand name or a trade name, whether registered or not, that is to say, a name or a mark, such as symbol, monogram, logo, label, signature, or invented word or writing which is used in relation to such specified services for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified services and some person using such name or mark with or without any indication of the identity of that person;
- (B) "aggregate value not exceeding ***ten lakh rupees**" means the sum total of first consecutive payments received during a financial year towards the gross amount, as prescribed under section 67 of the said Finance Act, charged by the service provider towards taxable services till the aggregate amount of such payments is equal to ten lakh rupees but does not include payments received towards such gross amount which are exempt from whole of service tax leviable thereon under section 66 of the said Finance Act under any other notification.

4. This notification shall come into force on the 1st day of April, 2005.

[Notification No. 6/2005-ST, dated 1-3-2005. *Amended by Notfn.No. 8/2008-ST dated 01.03.2008]

2. Services to UN Agencies

Services provided to United Nations or an International Organizations are exempt.

[Notification No. 16/2002-ST, dated 2-8-2002]

3. Export of service: Any service which is taxable under clause 105 of Section 65 may be exported without payment of service tax.

(Rule 4 of Export of Services Rules,2005)

4. Exemption to services provided to a developer of SEZ or a unit of SEZ:

Exempts the taxable services specified in clause (105) of section 65 of the said Finance Act, which are provided in relation to the authorized operations in a Special Economic Zone, and received by a developer or units of a Special Economic Zone, whether or not the said taxable services are provided inside the Special Economic Zone, from the whole of the service tax leviable thereon under section 66 of the said Finance Act subject to certain conditions. (Refer notification for details)

{ Notification No. 09/2009ST dated 03.03.2009 (Prior to 03.03.2009 Notfn.No4/2004-ST dated 31.03.2004)}

5. Exemption to value of goods & material sold by service provider: In exercise of the powers conferred by 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 so much of the value of all the taxable services, as is equal to the value of goods and materials sold by the service provider to the recipient of service, from the service tax

leviable thereon under section (66) of the said Act, subject to condition that there is documentary proof specifically indicating the value of the said goods and materials.

(Notification No. 12/2003-ST dated 20.06.2003 effective from 01.07.2003)

6. Exemption to taxable services provided by TBI and STEP: All taxable services, provided by a Technology Business Incubator (TBI) or a Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Govt. of India from the whole of the service tax leviable thereon subject to certain conditions and procedures. (Refer notification for details)

(Notification No.09/2007 ST dated 01.03.2007)

7. Exemption to taxable services provided by entrepreneurs located within the premises of TBI or STEP: All taxable services, provided by an entrepreneur located within the premises of a Technology Business Incubator (TBI) or a Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Govt. of India from the whole of the service tax leviable thereon subject to certain conditions and procedures. (Refer notification for details)

(Notification No.10/2007 ST dated 01.03.2007)

8. Exemption to services provided to Foreign Diplomatic Missions or Consular Post in India: All services provided by any person, for the official use of a Foreign Diplomatic Mission or Consular Post in India are exempted from service tax subject to certain conditions and procedures. (Refer notification for details)

(Notification No. 33/2007-ST dated 23.05.2007)

9. Exemption to services provided for personal use of a family member of Diplomatic Agent or Career Consular Officers posted in Foreign Diplomatic Mission/Consular Post in India: All services provided by any person, for personal use of family member of Diplomatic Agents or Career Consular officers posted in a Foreign Diplomatic Mission or Consular Post in India are exempted from service tax subject to certain conditions and procedures. (Refer notification for details)

(Notification No. 34/2007-ST dated 23.05.2007)
