

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

Taxable Services – S-Z

Sale of advertising space or time	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Sale of space or time for advertisement, in any manner is a 'taxable service' · Providing space or time, as the case may be, for display, advertising, showcasing of any product or service in video programmes, television programmes or motion pictures or music albums, or on billboards, public places, buildings, conveyances, cell phones, automated teller machines, internet · Selling of time slots on radio or television by a person, other than a broadcasting agency or organisation · Aerial advertising · Sale of space in yellow pages, business directories 	<p>Exclusions</p> <ul style="list-style-type: none"> ◆ Sale of space for advertisement in print media. "Print media" means - (i) "newspaper" (ii) "book" but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes <ul style="list-style-type: none"> · Sale of time slots by a broadcasting agency or organisation (It is taxable under different head) <p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Scientific and technical consultancy	<p>Statutory coverage</p> <ul style="list-style-type: none"> · Service by a scientist or a technocrat, or any science or technology institution or organisation, in relation to scientific or technical consultancy <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> · Executory services would not fall under 'consultancy services' - <i>Glaxo Smithkline Pharmaceuticals v. CCE (2005) 1 STT 37 (CESTAT)</i> – quoted with approval in <i>Glaxo Smithkline Consumer Healthcare Ltd. v. CCE (2007) 9 STT 496 (CESTAT)</i>. 	<p>Exclusions</p> <ul style="list-style-type: none"> · Service tax is not payable by doctors, medical colleges, nursing homes, hospitals, diagnostic and pathological labs etc. as in common parlance they are not known as scientists, technocrats etc. - CBE&C letter No. B.II/I/2000-TRU dated 9-7-2001. <p>Exemptions</p> <ul style="list-style-type: none"> ◆ Notification No. 9/2007-ST dated 01.03.2007 exempts all taxable services provided by incubators. ◆ Service tax exemption is also provided to incubates vide notification No. 10/2007-ST dated 1-3-2007: ◆ See para 12.3 for general exemptions

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

Security agency	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Services by security agency in relation to the security of any movable or immovable property or person, by providing security personnel or otherwise ◆ Provision of services of investigation, detection or verification of any fact or activity [section 65(94)] <p>Case law/Board circulars</p> <ul style="list-style-type: none"> · Service tax payable on services of safe deposit lockers. · Services provided by ex-servicemen or charitable organization taxable w.e.f. 18-4-2006. 	<p>Valuation</p> <ul style="list-style-type: none"> ◆ Service tax is payable on gross amount charged for service. It has been clarified that service tax is payable on entire amount charged by security agency to client, which includes salary of guards, employer's ESIC, PF, contribution towards labour funds, bonus, leave, uniform etc. No abatement can be granted in respect of such expenses incurred by security agency. ◆ In <i>Panther Detective Services v. CCE (2007) 8 STT 215 (CESTAT)</i>, it was held that service tax is payable on gross amount including ESI, PF and wages of guards. The amount should be inclusive of service tax and then back calculations should be made – same view in <i>Punjab Ex-Serviceman Corpn v. CCE (2005) 2 STT 273 (CESTAT)</i>. <p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Share Transfer Agent	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Maintaining record of holders of securities and deals with all matters connected with the transfer or redemption of securities or activities incidental thereto [section 65(95a)] 	<p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Ship Management Service	<p>Statutory coverage</p> <ul style="list-style-type: none"> · the supervision of the maintenance, survey and repair of ship; · engagement or providing of crews; · receiving the hire or freight charges on 	<p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

	<p>behalf of the owner;</p> <ul style="list-style-type: none"> · arrangements for loading and unloading; · providing for victualling or storing of ship; · negotiating contracts for bunker fuel and lubricating oil; · payment, on behalf of the owner, of expenses incurred in providing services or in relation to the management of ship; · the entry of ship in a protection or indemnity association; · dealing with insurance, salvage and other claims; and · arranging of insurance in relation to ship [section 65(96a)] 	
Site formation and clearance etc.	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Services in relation to site formation and clearance, excavation and earthmoving and demolition and such other similar activities. ◆ drilling, boring and core extraction services for construction, geophysical, geological or similar purposes ◆ soil stabilization ◆ horizontal drilling for the passage of cables or drain pipes ◆ land reclamation work ◆ contaminated top soil stripping work ◆ demolition and wrecking of building, structure or road [section 65(97a)] 	<p>Exclusions</p> <ul style="list-style-type: none"> · Services in relation to agriculture, irrigation, watershed development · Drilling, digging, repairing, renovating or restoring of water sources or water bodies. <p>Exemptions</p> <ul style="list-style-type: none"> ◆ Exemption to services relating to roads, airports, railways, transport terminals etc. bridges, port etc. - Notification No. 17/2005-ST dated 7-6-2005 ◆ See para 12.3 for general exemptions
Sound recording	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Recording of sound on any media or device including magnetic storage device ◆ Services relating to recording of sound in any manner such as sound cataloguing, storing of 	<p>Exemptions</p> <p>See para 12.3 for general exemptions</p>

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

	sound and sound mixing or re-mixing or any audio post-production activity [section 65(98)]	
Sponsorship service	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Service in relation to sponsorship ◆ “Sponsorship” includes naming an event after the sponsor, displaying the sponsor’s company logo or trading name, giving the sponsor exclusive or priority booking rights, sponsoring prizes or trophies for competition [section 65(99a)] ◆ Service tax is leviable only when the sponsor is any body corporate or firm [section 65(105)(zzzn)] <p>Reverse charge - Person liable for payment of tax</p> <ul style="list-style-type: none"> ◆ In case of sponsorship service provided to a body corporate or firm located in India, the body corporate or firm receiving such sponsorship service will be liable to pay service tax [rule 2(1)(d)(vii)]. ◆ If the recipient of sponsorship service is located outside India, service tax is required to be paid by the service provider and not by the recipient. 	<p>Exclusions</p> <ul style="list-style-type: none"> · Sponsorship of sports events is excluded from the scope of this levy · Any financial or other support in the form of donations or gifts, given by the donors is not taxable, if the service provider is under no obligation to provide anything in return to such donors [section 65(99a)] <p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Steamer agent	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Service in relation to a ship’s husbandry or dispatch or any administrative work related thereto ◆ Booking, advertising or canvassing of cargo ◆ Container feeder services [section 65(100)] <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> · Expenses paid by steamer agent on behalf of shipping line not liable to service tax - CBE&C circular No. B 43/1/97-TRU dated 6-6-1997. 	<p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn’t matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

Stock-broking	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Service by a stock-broker in connection with the sale or purchase of securities listed on recognised stock exchange. ◆ As per rule 6(1)(i) of Service Tax Valuation Rules (Earlier, it was <i>Explanation 1</i> clause (a) to section 67 upto 18-4-2006), the value of taxable services shall include the commission or brokerage charged by a broker on the sale or purchase of securities including the commission or brokerage paid by the stock-broker to any sub-broker. <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> · No tax on turnover charges payable to stock exchange – <i>prima facie</i> view in <i>JSEL Securities Ltd. v. CCE (2007) 8 STT 428 (CESTAT)</i>. 	<p>Exemptions</p> <p>See para 12.3 for general exemptions</p>
Storage and warehousing	<p>Statutory coverage</p> <ul style="list-style-type: none"> · Services in relation to storage and warehousing of goods, including liquids and gases [section 65(102)] <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> ◆ Storage outside the port premises is taxable - <i>Gujarat Chem Port Terminal Co. Ltd. v. CC(2005) 1 STT 98 (CESTAT)</i> ◆ Storage of empty containers taxable -CBE&C circular No. 60/9/2003-ST dated 10-7-2003 	<p>Exclusions</p> <ul style="list-style-type: none"> · Service provided for storage of agricultural produce or any service provided by a cold storage excluded [section 65(102)] <p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Survey and exploration of mineral	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Geological, geophysical or other prospecting, surface or sub-surface surveying or map making service, in relation to location or exploration of deposits of mineral, oil or gas [section 65(104a)] 	<p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Survey and map-making	<p>Statutory coverage</p> <ul style="list-style-type: none"> · Geological, geophysical or any other prospecting, surface, sub-surface or aerial surveying or map-making of any kind [section 65(104b)] 	<p>Exclusions</p> <ul style="list-style-type: none"> · Service provided by an agency under the control of, or authorised by, the Government, in relation to survey and map-making not taxable [section

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

		<p>65(105)(zzzc)]</p> <ul style="list-style-type: none"> Survey and exploration of mineral excluded [section 65(104b)] (as covered under another head) <p>Exemptions</p> <ul style="list-style-type: none"> See para 12.3 for general exemptions
Technical inspection and certification	<p>Statutory coverage</p> <ul style="list-style-type: none"> Inspection or examination of goods or process or material or any immovable property to certify that such goods or process or material or immovable property qualifies or maintains the specified standards, including functionality or utility or quality or safety or any other characteristic or parameter [section 65(108)] 	<p>Exclusions</p> <ul style="list-style-type: none"> Service in relation to inspection and certification of pollution levels is excluded [section 65(108)] <p>Exemptions</p> <ul style="list-style-type: none"> See para 12.3 for general exemptions
Technical testing and analysis	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Service in relation to physical, chemical, biological or any other scientific testing or analysis of goods or material or any immovable property ◆ Clinical testing of drugs and formulations [section 65(106)] <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> Sample collection centers not taxable – <i>Dr. Lal Path Lab (P) Ltd. v. CCE (2006) 5 STT 171 (CESTAT)</i>, 	<p>Exclusions</p> <ul style="list-style-type: none"> Testing or analysis service provided in relation to human beings or animals is excluded. ◆ Testing or analysis for the purpose of determination of the nature of diseased condition, identification of a disease, prevention of any disease or disorder in human beings or animals is not taxable. Medical testing and diagnosis has been excluded from service tax [section 65(106)] <p>Exemptions</p> <ul style="list-style-type: none"> ◆ Testing and analysis of water quality by Government laboratories exempt - Notification No. 6/2006-Service Tax dated 1.3.2006. ◆ Exemption to clinical testing of newly developed drugs -Notification No. 11/2007-ST dated 1-3-2007. ◆ See para 12.3 for general exemptions

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES

(Company Secretaries)

110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph: 011- 43026621 Fax: 22456650

Cell: +91 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com , vijayatrey@gmail.com

Website: www. vsassociate.com

VS ASSOCIATES

Company Secretaries

Telecommunication Services	Statutory coverage <ul style="list-style-type: none">◆ 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◆ voice mail, data services, audio tex services, video tex services, radio paging◆ 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◆ 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◆ 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◆ 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◆ private network services including provision of wired or wireless telecommunication link	Exclusions <ul style="list-style-type: none">• Service in relation to on-line information and database access or retrieval, a broadcasting agency or organisation in relation to broadcasting and internet telephony excluded [section 65(109a)] (since covered under another head) Sale of SIM Card <ul style="list-style-type: none">◆ In <i>Bharat Sanchar Nigam Ltd. v. UOI</i> (2006) 3 SCC 1 = 152 Taxman 135 = 3 STT 245 = 282 ITR 273 = 3 VST 95 = 145 STC 91 = AIR 2006 SC 1383 (SC 3 member bench), it has been held that what a SIM card represents is ultimately a question of fact. In determining the issue, the assessing authorities will have to keep in mind the following principles, 'If the SIM card is not sold by the assessee to the subscribers but is merely part of the services rendered by service providers, then a SIM card cannot be charged separately to sales tax. It would depend ultimately upon the intention of parties. If the parties intended that the SIM card would be a separate object of sale, it would be open to the sales tax authorities to levy sales tax thereon. If the sale of SIM card is merely incidental to the service being provided and only facilitates the identification of subscriber, their credit and other details, it would not be assessable to sales tax. In any event, cost of service cannot be included in the value of SIM card by relying on 'aspects' doctrine. Exemptions
----------------------------	---	---

Please Contact If Any Query

VS ASSOCIATE

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>

Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

	<p>between specified points for the exclusive use of the client</p> <ul style="list-style-type: none"> ◆ data transmission services including provision of access to wired or wireless facilities and services specifically designed for efficient transmission of data ◆ communication through facsimile, pager, telegraph and telex [section 65(109a)] 	<ul style="list-style-type: none"> · See para 12.3 for general exemptions
Tour operator	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ 'Tour' means a journey from one place to another irrespective of the distance between such places. ◆ Business of planning, scheduling, organising or arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport ◆ Business of operating tours in a tourist vehicle covered by a permit granted under the Motor Vehicles Act [section 65(115)] <p>Case Law/Board Circulars</p> <ul style="list-style-type: none"> · In <i>Praseetha Suresh v. CCE</i> (2007) 8 STT 324 (CESTAT), it was held that the vehicle is required to satisfy specifications as per rule 128 of Motor Vehicle Rules. If these are not satisfied, it is not a tourist vehicle and hence the service is not taxable. 	<p>Exemptions</p> <ul style="list-style-type: none"> ◆ In case of package tour, w.e.f. 23-8-2007, service tax is payable on 25% of gross amount charged (Till 22-8-2007, service tax was payable on 40% of gross amount charged) - Notification No. 1/2006-ST dated 1-3-2006 ◆ Tax only on 10% amount when operator only provides booking services - Notification No. 1/2006-ST dated 1-3-2006. ◆ Tax payable 40% in case of other tours - Notification No. 1/2006-ST dated 1-3-2006. ◆ See para 12.3 for general exemptions
Transport of persons by cruise ships	<p>Statutory coverage</p> <ul style="list-style-type: none"> · Transport of person embarking from any port by a cruise ship. "cruise ship" means a ship or vessel used for providing recreational or pleasure trips. 	<p>Exemptions</p> <ul style="list-style-type: none"> · See para 12.3 for general exemptions
Transport of goods by air	<p>Statutory coverage</p> <ul style="list-style-type: none"> · Transport of goods by aircraft 	<p>Exemptions</p> <ul style="list-style-type: none"> ◆ Service of transport of goods is exempt if it is in relation to transport of export goods by aircraft - Notification No. 29/2005-ST dated 15-7-2005.

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believe in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

		◆ See para 12.3 for general exemptions
Transport of goods by road	<p>Statutory coverage</p> <ul style="list-style-type: none"> ◆ Service by a goods transport agency, in relation to transport of goods by road in a goods carriage. ◆ '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 [section 65(50b)] <p>Reverse charge - Person liable for payment of service tax</p> <p>As per rule 2(1)(d)(v) of Service Tax Rules, Consignor or consignee <i>who is paying freight</i> will be liable to pay service tax, if consignor or consignee is any one of the following -</p> <ul style="list-style-type: none"> (a) any factory registered under or governed by the Factories Act, 1948 (63 of 1948). (b) any company formed or registered under the Companies Act, 1956 (1 of 1956). (c) any corporation established by or under any law. (d) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India. (e) any co-operative society established by or under any law. (f) any dealer of excisable goods, who is registered under the Central Excise Act, 1944 (1 of 1944) or the rules made thereunder. 	<p>Cenvat Credit</p> <ul style="list-style-type: none"> · The service receiver should pay tax by GAR-7 challan @ 3.09%. Then, he can avail Cenvat credit of tax so paid by him [Notification No. 1/2006-ST dated 1-3-2006]. <p>Exemptions</p> <ul style="list-style-type: none"> · As per exemption notification No. 13/2008-ST dated 1-3-2008, actually service tax is payable on 25% of gross amount charged from customer by goods transport agency. Thus, service tax payable will be 3% plus 2% education cess plus 1% SAH education cess i.e. total 3.09%. Transport of fruits, vegetables, eggs or milk by road (as exempt under notification 33/2004-ST dated 3-12-2004) · Gross Amount charged on consignments transported in a goods carriage does not exceed Rs. 1,500 (as exempt under clause (i) of notification No. 34/2004-ST dated 3-12-2004) [This is total of all consignments carried in a goods carriage at one time] · Gross Amount charged on individual consignment transported in a goods carriage does not exceed Rs. 750 (as exempt under clause (ii) of notification No. 34/2004-ST

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 Fax: 011- 22456650 Cell: 9971072221, 9871287637

E-mail: vijayatrey@yahoo.com vijayatrey@gmail.com Website: <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

	(g) any body corporate established, or a partnership firm registered, by or under any law.	dated 3-12-2004). · See para 12.3 for general exemptions
Transport of goods in containers by rail	Statutory coverage · Transport of goods in containers by rail	Exclusions · Service provide by Government railway exempt. Exemptions ◆ Service tax is payable only on 30% of gross value charged, if Cenvat credit not availed - Notification No. 1/2006-ST, dated 1-3-2006. ◆ See para 12.3 for general exemptions
Transport of goods (other than water) through pipeline or conduit	Statutory coverage ◆ Transport of goods other than water, through pipeline or other conduit	Exclusions Transport of water is excluded. Exemptions See para 12.3 for general exemptions
Travel agent (other than air travel agent and rail travel agent)	Statutory coverage · Booking of passage for travel other than air travel and rail travel	Exemptions See para 12.3 for general exemptions
Underwriter	Statutory coverage · Service in relation to underwriting	Exemptions · See para 12.3 for general exemptions
Video tape production agency	Statutory coverage ◆ Process of any recording of any programme, event or function on a magnetic tape or on any other media or device ◆ Services such as editing, cutting, colouring, dubbing, title printing, imparting special effects, processing, adding, modifying or deleting sound, transferring from one media or device to another ◆ Any video post-production activity [section 65(120)]	Exemptions · See para 12.3 for general exemptions
Works Contract Services	Statutory coverage	Exclusions · Works contract in respect of

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 **Fax:** 011- 22456650 **Cell:** 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com vijayatrey@gmail.com **Website:** <http://vsassociate.com>**Note: We believes in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

"Works contract" means a contract wherein, –

- (i) transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods, **and**
- (ii) such contract is for the purposes of carrying out,-
 - (a) erection, commissioning or installation of plant, machinery, equipment or structures, whether pre-fabricated or otherwise, installation of electrical and electronic devices, plumbing, drain laying or other installations for transport of fluids, heating, ventilation or air-conditioning including related pipe work, duct work and sheet metal work, thermal insulation, sound insulation, fire proofing or water proofing, lift and escalator, fire escape staircases or elevators; or
 - (b) construction of a new building or a civil structure or a part thereof, or of a pipeline or conduit, primarily for the purposes of commerce or industry; or
 - (c) construction of a new residential complex or a part thereof; or
 - (d) completion and finishing services, repair, alteration, renovation or restoration of, or similar services, in relation to (b) and (c); or
 - (e) turnkey projects including

roads, airports, railways, transport terminals, bridges, tunnels and dams, are excluded.

Value of taxable service

◆ Broadly, two options are available to service provider - (a) Calculate value of service as per rule 2A of Service Tax (Determination of Value) Rules, 2006 (in short 'Valuation Rules) and pay service tax at normal rate @ 12.36% (inclusive of education cess and SAH education cess) on such 'value'. In such case, assessee can avail Cenvat credit of input services, inputs and capital goods (b) Pay service tax under 'composition scheme' at 4.12% of 'gross amount charged for works contract' (inclusive of education cess and SAH education cess), under 'Works Contract (Composition Scheme for Payment of Service tax) Rules, 2007' (the percentage was 2.06% upto 29-2-2008). As per rule 3(2) of Composition Scheme, the assessee cannot avail Cenvat credit of inputs. Thus, the assessee can avail Cenvat credit of input services and capital goods.

◆ In both the cases, Vat/sales tax will not be included in the 'value' for purpose of calculating service tax.

Exemptions

◆ Construction and works contract services relating to ports exempt, but no exemption to finishing or repairing services - Notification No. 25/2007-ST dated 22-5-2007

- See para 12.3 for general exemptions

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 **Fax:** 011- 22456650 **Cell:** 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com vijayatrey@gmail.com **Website:** <http://vsassociate.com>**Note: We believe in very fast, accurate and timely services at your doorstep by Courier, Fax, E-mail, or Personal visit. Distance doesn't matter for us.**

VS ASSOCIATES**(Company Secretaries)**110 Shri Krishna Business Center,
3/93 Lalita Park , Laxmi Nagar, Delhi-110092**Ph:** 011- 43026621 **Fax:** 22456650**Cell:** +91 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com , vijayatrey@gmail.com**Website:** www. vsassociate.com**VS ASSOCIATES**

Company Secretaries

construction or commissioning
(EPC) projects**Case Law/Board Circular**

In *Bharat Sanchar Nigam Ltd. v. UOI* (2006)
3 SCC 1 = 152 Taxman 135 = 3 VST 95 = 3
STT 245 = 282 ITR 273 = 145 STC 91 = AIR
2006 SC 1383 (SC 3 member bench), it was
held that 'various 'aspects' of transaction can
be taxed separately, but sales tax cannot be
imposed on service portion and service tax
cannot be imposed on value of goods.

In *Gannon Dunkerley & Co. v. State of
Rajasthan* (1993) 66 Taxman 229 = 1993 AIR
SCW 2621 = (1993) 1 SCC 364 = 88 STC 204
(SC 5 member Constitution bench) it was held
that value of goods at the time of incorporation
in the works can constitute measure for levy of
tax. However, cost of incorporation of the
goods in works contract cannot be made part
of measure for the levy of tax.

Please Contact If Any Query**VS ASSOCIATE**

110 Shri Krishna Business Center, 3/93 Lalita Park , Laxmi Nagar, Delhi-110092

Ph.: 011- 43026621 **Fax:** 011- 22456650 **Cell:** 9971072221, 9871287637**E-mail:** vijayatrey@yahoo.com vijayatrey@gmail.com **Website:** <http://vsassociate.com>**Note: We believe in very fast, accurate and timely services at your doorstep by Courier,
Fax, E-mail, or Personal visit. Distance doesn't matter for us.**