



SERVICE TAX AMENDMENTS

Helping Clients Keep More of what they Earn

The Central Board of Excise & Customs has published thirteen notifications during mid April'2006, bringing about major amendments in Service Tax laws in relation to Import of Services, Export of Service, Valuation of Services.

An analysis of such amendments in summarized form is provided hereunder as "Executive Summary". We have also made a detailed analysis of various such amendments and its implication under chapter named "Service Tax Amendments and its implications".

"Executive Summary"

- Service Tax rate has been increased from 10.2% to 12.24% effective from 18-04-2006.
- Service Tax on following 15 new services to be effective from 01-05-2006.

<ul style="list-style-type: none"> <input type="checkbox"/> Share Registrar Services <input type="checkbox"/> Share Transfer Agent's Services <input type="checkbox"/> Automated Teller Machines (ATMs) <input type="checkbox"/> Recovery Agent's Services <input type="checkbox"/> Sale of space or time for Advertisement <input type="checkbox"/> Sponsorship Services <input type="checkbox"/> Air Transport Services <input type="checkbox"/> Transport of Goods in Containers by Rail Services 	<ul style="list-style-type: none"> <input type="checkbox"/> Business Support Services <input type="checkbox"/> Auctioneer's Services <input type="checkbox"/> Public Relations Service <input type="checkbox"/> Ship Management services <input type="checkbox"/> Internet Telephony service <input type="checkbox"/> Transport of person by cruise ship <input type="checkbox"/> Credit card, debit card, charge card or other payment card related services
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- Business Support service have to be defined to mean services provided in relation to business or commerce and includes :
 - Evaluation of prospective customers
 - Telemarketing
 - Processing of purchase orders and fulfillment services
 - Information and tracking of delivery schedules
 - Managing distribution and logistics
 - Customer relationship management services
 - Accounting and processing of transactions
 - Operational assistance for marketing
 - Formulation of customer service and pricing policies
 - Infrastructural support services and
 - Other transaction processing.

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The aforesaid definition would have far reaching implications. This is for the reason that the said definition is divided into two parts. The former part defines "services provided in relation to business or commerce" and later part makes inclusion of certain specific services. Under the circumstances, we understand that any service in relation to business or commerce would fall under the ambit of business support service.

In the light of the aforesaid, we would request you to make proper planning of your business structure/operation, since the said levy is effective from 01-05-2006.

- A new set of rules has been introduced in relation to Import of Services, Export of Service, Valuation of Services. The said rules are effective from 19-04-2006. The major highlights of the following rules are briefly discussed hereunder :
 - The Taxation of Services (Provided from Outside India and Received in India) Rules, 2006
 - The Service Tax (Determination of Value) Rules, 2006
 - The Export of Services Rules 2005 (Major Amendment in Rule 3 defining Export of Services)
- Indian recipient of taxable service to pay service tax although services provided by foreigner :
 - As per section 66A of the Finance Act'1994 read with the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006 taxable services received by any Indian person from person having business, fixed establishment, permanent address, usual place of residence in country other than India would be taxable effective from 19-04-2006.
 - Indian recipient of such service shall be liable to pay service tax and carryout all necessary formalities under service tax laws.

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- List of services, which shall not be considered as Import services have been specified. *The definition of Export services have also been amended on the same line.* The criteria for taxable service not to be considered as Import of service has been based on following :
 - Specified taxable services provided in relation to immovable property situated outside India
 - Specified taxable services performed outside India
 - Specified taxable services not used in relation to business or commerce.
- Indian recipient of taxable service shall be required to make an application for registration and carryout all necessary formalities under service tax laws.
- Excise duty paid on input and service tax paid on input services by an Indian recipient shall not be available for set off against service tax liability payable as India recipient.
- We understand that there would be huge *classification dispute* with discrimination between various taxable services on the basis of its performance and usage in relation to business & commerce.
- **Major Highlights of new the Service Tax (Determination of Value) Rules, 2006**
 - Where services is provided for a consideration in money, the value of taxable service would be the gross amount charged by the service provider from service recipient.
 - Where services is provided for a consideration partly in money or where such value is not ascertainable value of taxable service shall be equivalent to the gross amount charged by the service provider to provide similar service to any other person in the ordinary course of trade and the gross amount charged is the sole consideration. However, if same is not ascertainable, the value of taxable service shall be determined by service provider to be equivalent to money value of such consideration and in no case the same shall be less than the cost of provision of such taxable service.

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- Where service is being provided on principle to principle basis the value of taxable service would be the gross value of taxable service, which also includes reimbursable cost, even though separately mentioned on the invoice. As per provisions of the Service Tax (Determination of Value) Rules, 2006 expenditure or costs incurred by the service provider in the course of providing taxable service shall be treated as consideration for the taxable service and shall be included in the value for the purpose of charging service tax on the said service. The following illustration has been provided in the relevant notification.

Illustration - X contracts with Y, a real estate agent to sell his house and thereupon Y gives an advertisement in television. Y billed X including charges for Television advertisement and paid service tax on the total consideration billed. In such a case, consideration for the service provided is what X pays to Y. Y does not act as an agent behalf of X when obtaining the television advertisement even if the cost of television advertisement is mentioned separately in the invoice issued by X. Advertising service is an input service for the estate agent in order to enable or facilitate him to perform his services as an estate agent.

- Where service is being provided in capacity of pure agent, 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 specified eight conditions are** satisfied.
- For specified taxable services specific inclusion and exclusion from value of taxable service has also been provided.
- Vide Notification No. 16/2006-ST dated 25-04-2006, effective from 01-05-2006, body corporate or firm receiving sponsoring service, being recipient of service, has been made responsible for paying service tax and carrying out all such necessary formalities as required under Service Tax Laws.
- Vide Notification No. 17/2006-ST dated 25-04-2006, effective from 01-05-2006, optional rate of service tax in case of air travel agent has been increased from 0.5% to 0.6% of the basic fare for domestic bookings and from 1.0% to 1.2% of the basic fare for international bookings.

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- Vide Notification No. 20/2006-ST dated 25-04-2006, effective from 01-05-2006 an abatement of 70% is being provided in relation to transport of goods in containers by rail.
- Vide Notification No. 8/2006-ST dated 19-04-2006 interest rate has been fixed at 13% p.a. on service tax collected in excess under section 73B of the Finance Act'1994.

“Service Tax Amendments and its implications” - Detailed Analysis

Indian recipient of taxable service to pay service tax although services provided by foreigner :

- A new section 66A has been introduced in the Service tax Statute effective from 18-04-2006, which provides that any taxable service defined under section 65(105) provided or to be provided by a person having business, fixed establishment, permanent address, usual place of residence in country other than India and such service are received by any person who have business, fixed establishment, permanent address, usual place of residence in India, such service would be taxable and Indian recipient of such service shall be liable to pay service tax and carryout all necessary formalities under service tax laws.
- A new set of rules namely *The Taxation of Services (Provided from Outside India and Received in India) Rules, 2006* has been introduced effective from 19-04-2006 under section 66A of the Finance Act'1994. A major highlights of the said rules are as under :
 - ❖ As per rule 3(i) of the said rules, following taxable services provided or to be provided by any person from outside India to an Indian recipient would be taxable only if such services are provided or to be provided in relation to an immovable property situated in India.

<input type="checkbox"/> General Insurance business service <input type="checkbox"/> Architect service	<input type="checkbox"/> Site formation and clearance, excavation and earthmoving and
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<ul style="list-style-type: none"> <input type="checkbox"/> Interior Decorator service <input type="checkbox"/> Real Estate Agent service <input type="checkbox"/> Commercial or industrial construction service <input type="checkbox"/> Dredging service 	<ul style="list-style-type: none"> demolition etc.. services <input type="checkbox"/> Survey and map making service <input type="checkbox"/> Construction of Complex service <input type="checkbox"/> Auction of Property Service
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Hence, an Indian receiving aforesaid services like that from an architect or an interior decorator in relation to his property located outside India would not be required to pay service tax.

- ❖ As per rule 3(ii) of the said rules, following taxable services provided or to be provided by any person from outside India to an Indian recipient would be taxable only if such services are performed in India. It has been clarified that services partly performed in India shall be treated as performed in India.

<ul style="list-style-type: none"> <input type="checkbox"/> Stock Broker service <input type="checkbox"/> Courier agency service <input type="checkbox"/> Customs House agent service <input type="checkbox"/> Steamer agent service <input type="checkbox"/> Clearing & Forwarding agent service <input type="checkbox"/> Air Travel agent service <input type="checkbox"/> Mandap Keeper service <input type="checkbox"/> Tour Operator service <input type="checkbox"/> Rent-a-cab Operator service <input type="checkbox"/> Practising Chartered Accountant service <input type="checkbox"/> Practising Cost Accountant service <input type="checkbox"/> Practising Company Secretary service <input type="checkbox"/> Security agency service <input type="checkbox"/> Credit rating agency service <input type="checkbox"/> Market Research agency service <input type="checkbox"/> Underwriting service <input type="checkbox"/> Photography Studio service <input type="checkbox"/> Convention service <input type="checkbox"/> Video Production agency service <input type="checkbox"/> Sound Recording Studio service <input type="checkbox"/> Port services <input type="checkbox"/> Authorised Service Station <input type="checkbox"/> Beauty Parlor service <input type="checkbox"/> Cargo Handling service 	<ul style="list-style-type: none"> <input type="checkbox"/> Heath Club & Fitness Center service <input type="checkbox"/> Storage & warehouse service <input type="checkbox"/> Commercial Training or Coaching service <input type="checkbox"/> Erection, Commissioning & Installation agency service <input type="checkbox"/> Internet Café service <input type="checkbox"/> Maintenance & Repair service <input type="checkbox"/> Technical Testing & Analysis service <input type="checkbox"/> Technical Inspection & Certification service <input type="checkbox"/> Airport & Civil Enclave service <input type="checkbox"/> Aircraft Operator service <input type="checkbox"/> Business Exhibition service <input type="checkbox"/> Goods Transport agency service <input type="checkbox"/> Opinion Poll agency service <input type="checkbox"/> Outdoor Caterer service <input type="checkbox"/> Survey & Exploration of Mineral service <input type="checkbox"/> Pandal & Shamiana service <input type="checkbox"/> Travel Agent service <input type="checkbox"/> Forward Contract service <input type="checkbox"/> Cleaning Activity service <input type="checkbox"/> Club or Association service to
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<input type="checkbox"/> Dry Cleaner service <input type="checkbox"/> Event Management service <input type="checkbox"/> Fashion Designer service	<input type="checkbox"/> members <input type="checkbox"/> Packing Activity service <input type="checkbox"/> Transport of goods in containers by Rail service
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Hence, an Indian receiving aforesaid services like that from a fashion designer, stock broker, Goods transport Agency etc.. performed outside India would be outside the purview of service tax.

- ❖ As per rule 3(iii) of the said rules, following taxable services provided or to be provided by any person from outside India to an Indian recipient would be taxable if such services are used in relation to business or commerce.

<input type="checkbox"/> General Insurance service other than in relation to immovable property <input type="checkbox"/> Survey & Map Making service other than in relation to immovable property <input type="checkbox"/> Auction of Property Service other than in relation to immovable property <input type="checkbox"/> Telephone, Telegraph, Telex, FAX, Pager, leased circuit service provided by Telegraph Authority <input type="checkbox"/> Advertising Agency service <input type="checkbox"/> Consulting Engineer service <input type="checkbox"/> Manpower Recruitment or Supply service <input type="checkbox"/> Management Consultant service <input type="checkbox"/> Scientist & Technocrat service <input type="checkbox"/> Online information and database access retrieval service <input type="checkbox"/> Broadcasting Agency service <input type="checkbox"/> Insurance Auxiliary service in relation to general insurance business <input type="checkbox"/> Banking & Financial service <input type="checkbox"/> Cable operator & Multi system operator service <input type="checkbox"/> Life Insurance business service <input type="checkbox"/> Insurance Auxiliary service in relation to life insurance business	<input type="checkbox"/> Rail Travel Agent service <input type="checkbox"/> Business Auxiliary service <input type="checkbox"/> Franchisee service <input type="checkbox"/> Foreign Exchange Brokerage service <input type="checkbox"/> Intellectual Property Right service <input type="checkbox"/> Programme Producer service <input type="checkbox"/> Transport of Goods other than water through pipeline or other conduit <input type="checkbox"/> Mailing List Compilation and Mailing service <input type="checkbox"/> Register to an Issue service <input type="checkbox"/> Share Transfer Agent service <input type="checkbox"/> ATM Operation, Maintenance & Management service <input type="checkbox"/> Debt recovery services <input type="checkbox"/> Sale of space or time for advertisement service <input type="checkbox"/> Sponsorship service <input type="checkbox"/> Business or Commerce Support service <input type="checkbox"/> Public Relation service <input type="checkbox"/> Ship Management service <input type="checkbox"/> Internet telephony service <input type="checkbox"/> Credit Card, Debit Card, Charge card or any other payment card service
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- ❖ As per rule 4 of the said rules, the Indian recipient of taxable service shall be required to make an application for registration.
- ❖ As per rule 5 of the said rules, it has been clarified that taxable services received by an Indian recipient shall not be treated as output service. Under the circumstances, excise duty paid on input and service tax paid on input services by an Indian recipient shall not be available for set off against service tax liability payable as India recipient.

Vide Notification No. 13/2006-ST dated 19-04-2006 amendment have been made in Export of Services Rules 2005.

- Rule 3 of the Export of Services Rules 2005 defining export of taxable service have been amended in conjunction with *The Taxation of Services (Provided from Outside India and Received in India) Rules, 2006* dealing with service tax on import service. An analysis of amended provision contained under Rule 3 of the Export of Services Rules 2005 is as under :
 - ❖ As per Rule 3(2) of the said Rules, provision of any taxable service shall be treated as export of service when the following conditions are satisfied :
 - a) Such service is delivered outside India and used outside India and
 - b) Payment for such service provided outside India is received by the service provider in convertible foreign exchange and
 - c) *Specified conditions as explained hereunder for specified services.*
 - ✓ As per rule 3(i) of the said rules, provisions of following taxable services provided in relation to an immovable property situated outside India shall be treated as export of taxable service.

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<input type="checkbox"/> General Insurance business service	<input type="checkbox"/> Site formation and clearance, excavation and earthmoving and demolition etc.. services
<input type="checkbox"/> Architect service	<input type="checkbox"/> Survey and map making service
<input type="checkbox"/> Interior Decorator service	<input type="checkbox"/> Construction of Complex service
<input type="checkbox"/> Real Estate Agent service	<input type="checkbox"/> Auction of Property Service
<input type="checkbox"/> Commercial or industrial construction service	
<input type="checkbox"/> Dredging service	

- ✓ As per rule 3(ii) of the said rules, provisions of following taxable services performed outside India shall be treated as export of taxable service. Moreover, where such taxable service is partly performed outside India, it shall be treated as performed outside India.

<input type="checkbox"/> Stock Broker service	<input type="checkbox"/> Heath Club & Fitness Center service
<input type="checkbox"/> Courier agency service	<input type="checkbox"/> Storage & warehouse service
<input type="checkbox"/> Customs House agent service	<input type="checkbox"/> Commercial Training or Coaching service
<input type="checkbox"/> Steamer agent service	<input type="checkbox"/> Erection, Commissioning & Installation agency service
<input type="checkbox"/> Clearing & Forwarding agent service	<input type="checkbox"/> Internet Café service
<input type="checkbox"/> Air Travel agent service	<input type="checkbox"/> Maintenance & Repair service
<input type="checkbox"/> Mandap Keeper service	<input type="checkbox"/> Technical Testing & Analysis service
<input type="checkbox"/> Tour Operator service	<input type="checkbox"/> Technical Inspection & Certification service
<input type="checkbox"/> Rent-a-cab Operator service	<input type="checkbox"/> Airport & Civil Enclave service
<input type="checkbox"/> Practising Chartered Accountant service	<input type="checkbox"/> Aircraft Operator service
<input type="checkbox"/> Practising Cost Accountant service	<input type="checkbox"/> Business Exhibition service
<input type="checkbox"/> Practising Company Secretary service	<input type="checkbox"/> Goods Transport agency service
<input type="checkbox"/> Security agency service	<input type="checkbox"/> Opinion Poll agency service
<input type="checkbox"/> Credit rating agency service	<input type="checkbox"/> Outdoor Caterer service
<input type="checkbox"/> Market Research agency service	<input type="checkbox"/> Survey & Exploration of Mineral service
<input type="checkbox"/> Underwriting service	<input type="checkbox"/> Pandal & Shamiana service
<input type="checkbox"/> Photography Studio service	<input type="checkbox"/> Travel Agent service
<input type="checkbox"/> Convention service	<input type="checkbox"/> Forward Contract service
<input type="checkbox"/> Video Production agency service	<input type="checkbox"/> Cleaning Activity service
<input type="checkbox"/> Sound Recording Studio service	
<input type="checkbox"/> Port services	
<input type="checkbox"/> Authorised Service Station	
<input type="checkbox"/> Beauty Parlor service	
<input type="checkbox"/> Cargo Handling service	

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<input type="checkbox"/> Dry Cleaner service <input type="checkbox"/> Event Management service <input type="checkbox"/> Fashion Designer service	<input type="checkbox"/> Club or Association service to members <input type="checkbox"/> Packing Activity service <input type="checkbox"/> Transport of goods in containers by Rail service
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- ✓ As per rule 3(iii) of the said rules, provisions of following taxable services provided in relation to business or commerce to recipient of service located outside India shall be treated as export of taxable service. However, taxable services provided otherwise than in relation to business or commerce to recipient of service located outside India, such service shall be treated as export of taxable service, if the service recipient is located outside India at the time of provision of such service. Moreover, if such recipient of service has commercial establishment or any office relating thereto, in India such taxable services provided shall be treated as export of service only when order for provision of such service is made from any of his commercial establishment or office located outside India.

<input type="checkbox"/> General Insurance service other than in relation to immovable property <input type="checkbox"/> Survey & Map Making service other than in relation to immovable property <input type="checkbox"/> Auction of Property Service other than in relation to immovable property <input type="checkbox"/> Telephone, Telegraph, Telex, FAX, Pager, leased circuit service provided by Telegraph Authority <input type="checkbox"/> Advertising Agency service <input type="checkbox"/> Consulting Engineer service <input type="checkbox"/> Manpower Recruitment or Supply service <input type="checkbox"/> Management Consultant service <input type="checkbox"/> Scientist & Technocrat service <input type="checkbox"/> Online information and database access retrieval service	<input type="checkbox"/> Rail Travel Agent service <input type="checkbox"/> Business Auxiliary service <input type="checkbox"/> Franchisee service <input type="checkbox"/> Foreign Exchange Brokerage service <input type="checkbox"/> Intellectual Property Right service <input type="checkbox"/> Programme Producer service <input type="checkbox"/> Transport of Goods other than water through pipeline or other conduit <input type="checkbox"/> Mailing List Compilation and Mailing service <input type="checkbox"/> Register to an Issue service <input type="checkbox"/> Share Transfer Agent service <input type="checkbox"/> ATM Operation, Maintenance & Management service <input type="checkbox"/> Debt recovery services <input type="checkbox"/> Sale of space or time for
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<input type="checkbox"/> Broadcasting Agency service	advertisement service
<input type="checkbox"/> Insurance Auxiliary service in relation to general insurance business	<input type="checkbox"/> Sponsorship service
<input type="checkbox"/> Banking & Financial service	<input type="checkbox"/> Business or Commerce Support service
<input type="checkbox"/> Cable operator & Multi system operator service	<input type="checkbox"/> Public Relation service
<input type="checkbox"/> Life Insurance business service	<input type="checkbox"/> Ship Management service
<input type="checkbox"/> Insurance Auxiliary service in relation to life insurance business	<input type="checkbox"/> Internet telephony service
	<input type="checkbox"/> Credit Card, Debit Card, Charge card or any other payment card service

Major Highlights of new the Service Tax (Determination of Value) Rules, 2006

- Section 67 of the Finance Act'1994 have been amended effective from 18-04-2006 to provide various mechanism towards determination of value for the purpose of determining service tax.
 - a) Where services is provided for a consideration in money, the value of taxable service would be the gross amount charged by the service provider,
 - b) Where services is provided for a consideration partly in money or where such value is not ascertainable the value of taxable service would be determined as per the provisions of The Service Tax (Determination of Value) Rules, 2006. Accordingly, the value of taxable service shall be equivalent to the gross amount charged by the service provider to provide similar service to any other person in the ordinary course of trade and the gross amount charged is the sole consideration. However, if same is not ascertainable, the value of taxable service shall be determined by service provider to be equivalent to money value of such consideration and in no case the same shall be less than the cost of provision of such taxable service.
- As per the provisions of The Service Tax (Determination of Value) Rules, 2006. expenditure or costs incurred by the service provider in the course of providing taxable service shall be treated as consideration for the taxable service and shall be included in the value for the purpose of charging service tax on the said service.

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- However, such expenditure or costs are not included where service is provided in capacity of pure agent. 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 authorises 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.

- Certain Illustration provided in the Notification No. 12/2006-ST dated 19-04-2006, whereby The Service Tax (Determination of Value) Rules, 2006 has been introduced.

Illustration 1.– X contracts with Y, a real estate agent to sell his house and thereupon Y gives an advertisement in television. Y billed X including charges for Television advertisement and paid service tax on the total consideration billed. In such a case, consideration for the service provided is what X pays to Y. Y does not act as an agent behalf of X when obtaining the television advertisement even if the cost of television advertisement is mentioned separately in the invoice issued by X. Advertising service is an input service for the estate agent in

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order to enable or facilitate him to perform his services as an estate agent.

Illustration 2.- In the course of providing a taxable service, a service provider incurs costs such as traveling expenses, postage, telephone, etc., and may indicate these items separately on the invoice issued to the recipient of service. In such a case, the service provider is not acting as an agent of the recipient of service but procures such inputs or input service on his own account for providing the taxable service. Such expenses do not become reimbursable expenditure merely because they are indicated separately in the invoice issued by the service provider to the recipient of service.

Illustration 3.- A contracts with B, an architect for building a house. During the course of providing the taxable service, B incurs expenses such as telephone charges, air travel tickets, hotel accommodation, etc., to enable him to effectively perform the provision of services to A. In such a case, in whatever form B recovers such expenditure from A, whether as a separately itemised expense or as part of an inclusive overall fee, service tax is payable on the total amount charged by B. Value of the taxable service for charging service tax is what A pays to B.

Illustration 4.- Company X provides a taxable service of rent-a-cab by providing chauffeur-driven cars for overseas visitors. The chauffeur is given a lump sum amount to cover his food and overnight accommodation and any other incidental expenses such as parking fees by the Company X during the tour. At the end of the tour, the chauffeur returns the balance of the amount with a statement of his expenses and the relevant bills. Company X charges these amounts from the recipients of service. The cost incurred by the chauffeur and billed to the recipient of service constitutes part of gross amount charged for the provision of services by the company X.

- As per Rule 6 of the *Service Tax (Determination of Value) Rules, 2006* specific inclusion in value of taxable service are provided. These are as under :
 - (i) 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;

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- (ii) the adjustments made by the telegraph authority from any deposits made by the subscriber at the time of application for telephone connection or pager or facsimile or telegraph or telex or for leased circuit;
 - (iii) the amount of premium charged by the insurer from the policy holder;
 - (iv) the commission received by the air travel agent from the airline;
 - (v) the commission, fee or any other sum received by an actuary, or intermediary or insurance intermediary or insurance agent from the insurer;
 - (vi) the reimbursement received by the authorised service station, from manufacturer for carrying out any service of any motor car, light motor vehicle or two wheeled motor vehicle manufactured by such manufacturer;
 - (vii) the commission or any amount received by the rail travel agent from the Railways or the customer;
 - (viii) the remuneration or commission, by whatever name called, paid to such agent by the client engaging such agent for the services provided by a clearing and forwarding agent to a client rendering services of clearing and forwarding operations in any manner; and
 - (ix) the commission, fee or any other sum, by whatever name called, paid to such agent by the insurer appointing such agent in relation to insurance auxiliary services provided by an insurance agent.
- As per Rule 6 of the Service Tax (Determination of Value) Rules, 2006 specific exclusion in value of taxable service are provided. These are as under :
 - (i) initial deposit made by the subscriber at the time of application for telephone connection or pager or facsimile (FAX) or telegraph or telex or for leased circuit;
 - (ii) the airfare collected by air travel agent in respect of service provided by him;
 - (iii) the rail fare collected by air travel agent in respect of service provided by him ; and
 - (iv) interest on loans.

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Other Miscellaneous Amendments :

- Vide Notification No. 14/2006-ST dated 19-04-2006 Service Tax Exemption to specified services provided by a non resident person outside India and consumed outside India in the course of sailing of a ship vide Notification No. 22/2005-ST dated 07-06-2005 has been withdrawn and Service Tax Exemption to services received and consumed outside India by an Individual but not in the course of commerce, industry or business vide Notification No. 25/2005-ST dated 07-06-2005 has been withdrawn. Such withdrawal of exemption has been made since separate provisions under *The Taxation of Services (Provided from Outside India and Received in India) Rules, 2006* has been made.
- Hitherto value of taxable service in relation to service provide by clearing and forwarding agent and insurance auxiliary service was deemed to be the gross amount of remuneration or commission or fee or any other sum. The said deeming provisions has been withdrawn vide Notification No.10/2006-ST dated 19-04-2006. Such withdrawal of exemption has been made since separate provisions under *Service Tax (Determination of Value) Rules, 2006* has been made.

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