

---

Sector wise Analysis of  
Exemptions, Negative  
List, Valuation &  
Abatements

- **“Transport”**
- **“Tourism &  
Logistics”**
- **“Renting of  
Movables”**

---

By CA RAJIV LUTHIA

---

Workshop on Service Tax  
Organised by  
WIRC of ICAI

---

On  
Saturday, the 30<sup>th</sup> May,2015

At

Khimji Kunverji Vikamsey  
Auditorium, ICAI Tower, Near  
Standard Chartered Bank, Bandra  
Kurla Complex, Bandra (East),  
Mumbai-400 051

## BACKGROUND

- ∅ Service tax was introduced for the first time in India w.e.f 1<sup>st</sup> July, 1994. India had adopted “selective approach” (positive list) for levy of service tax thereby only selected services were made liable to Service Tax.
- ∅ W.e.f. 1<sup>st</sup> July,2012, Comprehensive approach of levy of service tax is introduced, whereby all services are made taxable except those mentioned in the negative list and specifically exempted (negative list approach).
- ∅ **Section 65B(44)** of the Finance Act,1994 (hereinafter referred to as “the Act”) interprets “**service**” means any activity carried out by a person for another for consideration, **and includes a declared service**, but shall not include-
  - (a) an activity which constitutes merely,-
    - (i) a transfer of title in goods or immovable property, by way of sale, gift or in any other manner; or
    - (ii) such transfer, delivery or supply of any goods which is deemed to be a sale within the meaning of clause (29A) of article 366 of the Constitution; or
    - (iii) a transaction in money or actionable claim;
  - (b) a provision of service by an employee to the employer in the course of or in relation to his employment;
  - (c) fees taken in any Court or tribunal established under any law for the time being in force.

Explanation 1-For the removal of doubts, it is hereby declared that nothing contained in this clause shall apply, to

- (A) the functions performed by the Members of Parliament, Members of State Legislative, Members of Panchayats, Members of Municipalities and Members of other local authorities who receive any consideration in performing the functions of that office as such member; or
- (B) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
- (C) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or State Governments or local authority and who is not deemed as an employee before the commencement of this section.

Explanation 2-For the purpose of this clause, the expression “transaction in money or actionable claim” shall not include –

- (i) any activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

- (ii) any activity carried out, for a consideration, in relation to, or for facilitation of, a transaction in money or actionable claim, including the activity carried out –
- (a) by a lottery distributor or selling agent in relation to promotion, marketing, organising, selling of lottery or facilitating in organising lottery of any kind, in any other manner;
- (b) by a foreman of chit fund for conducting or organising a chit in any manner

Explanation 3-For the purposes of this Chapter,-

- (a) an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons;
- (b) an establishment of a person in the taxable territory and any of his other establishment in a non-taxable territory shall be treated as establishments of distinct persons.

Explanation 4-A person carrying on a business through a branch or agency or representational office in any territory shall be treated as having an establishment in that territory.

¶ **Section 66B** of the Act provides that “there shall be **levied a tax** (hereinafter referred to as service tax) at the rate of fourteen percent<sup>1</sup> **on the value of all services**, other than those services specified in the negative list, provided or **agreed to be provided** in the **taxable territory** by one person to another and collected in such manner as may be prescribed”

¶ **Section 65B (52)** of the Act interprets the term “taxable territory” r. w. Section 64 (1) of the Act to mean as whole of India excluding the State of Jammu & Kashmir.

¶ Along with the said changes, new provisions with respect to place of provision of service, abatements, exemptions, partial reverse charge etc. have been made effective. An attempt is made to explain the impact of these amendments on the following services.

PARTICULARS	REMARKS
<b>1) TRANSPORT OF GOODS BY ROAD</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• Section 65B (25) interprets “goods” means every kind of movable property other than actionable claim and money; and includes securities, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale</li> <li>• Section 65B (26) interprets “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</li> <li>• As per Rule 10 of Place of Provision of Service Rules,2012</li> </ul>

<sup>1</sup> Increased from 12% w.e.f. 1<sup>st</sup> June,2015

	<p>(hereinafter referred to as “PPSR”), the place of provision of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of the goods.</p> <p>The place of provision of services of goods transport agency is location of the person liable to pay tax as per Section 68 of the Act &amp; Rule 2(1)(d) of the Service Tax Rules,1994.</p>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>• Section 66D (p) (i) – Services by way of transportation of goods by road except the services of – <ul style="list-style-type: none"> <li>(A) A goods transport agency; or</li> <li>(B) A courier agency</li> </ul> </li> <li>• Section 66B (20) – “Courier Agency” means any person engaged in door-to-door transportation of time sensitive documents, goods or articles utilizing the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles.</li> </ul>
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• Entry 21 – Services provided by a goods transport agency, by way of transportation in a goods carriage of, - <ul style="list-style-type: none"> <li>(a) Agricultural produce;</li> <li>(b) goods where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees;</li> <li>(c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;</li> <li>(d) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; <p>W.e.f. 1<sup>st</sup> April,2015, the above clause is to be read as “milk, salt &amp; food grain including flours, pulses &amp; rice”.</p> </li> <li>(e) chemical fertilizer, organic manure and oil cakes;</li> <li>(f) newspaper or magazines registered with the Registrar of Newspapers;</li> <li>(g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;</li> <li>(h) defence or military equipments; or</li> <li>(i) cotton, ginned or baled</li> </ul> </li> <li>• Section 65B (5) – “agricultural produce” means any produce of agriculture on which either no further processing is done or such processing is done as is usually done by a cultivator or producer</li> </ul>

	<p>which does not alter its essential characteristics but makes it marketable for primary market.</p>
<b>REVERSE CHARGE MECHANISM</b>	<ul style="list-style-type: none"> <li>• Section 68 (2) read with Rule 2(1)(d)(i)(B) - in relation to service provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road, where the person liable to pay freight is,- <ul style="list-style-type: none"> <li>i) any factory registered under or governed by the Factories Act, 1948</li> <li>ii) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India</li> <li>iii) any co-operative society established by or under any law</li> <li>iv) an dealer of excisable goods, who is registered under the Central Excise Act, 1944 or the rules made thereunder</li> <li>v) any body corporate established, by or under any law or</li> <li>vi) any partnership firm whether registered or not under any law including association of persons;</li> </ul> </li> </ul> <p><b>the “person liable to pay service tax”</b> is any person who pays or is liable to pay freight either himself or through his agent for the transportation of such goods by road in a goods carriage.</p> <p>When such person is located in a non-taxable territory, the provider of such service shall be liable to pay service tax.</p>
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 70% (75% upto 31/03/2015) from the gross value hence Service Tax is payable on 30% (25% upto 31/03/2015) of the gross value.</li> </ul>
<b>2) TRANSPORT OF GOODS BY WATERWAYS</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• In view of Rule 10 of PPSR, services of transport of goods by waterways are taxable where the destination of such goods is within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>• Section 66D (p) (ii) – Services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.</li> <li>• Section 66D (p) (iii) – Services by way of transportation of goods by inland waterways</li> <li>• Section 65B (21) – “customs station” shall have the meaning assigned to it in clause (13) of section 2 of the Customs Act, 1962.</li> <li>• Section 65B (29) – “inland waterways” means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act,1985 or other waterway or any inland water,</li> </ul>

	as defined in clause (b) of Section 2 of the Inland Vessels Act, 1917.
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• Entry 20 – Services by way of transportation by vessel from one place in India to another of the following goods – <ul style="list-style-type: none"> <li>(a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;</li> <li>(b) defence or military equipments</li> <li>(c) newspaper or magazines registered with the Registrar of Newspapers;</li> <li>(d) railway equipments or materials</li> <li>(e) agricultural produce;</li> <li>(f) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages;</li> </ul> <p style="margin-left: 40px;">W.e.f. 1<sup>st</sup> April,2015, the above clause is to be read as “milk, salt &amp; food grain including flours, pulses &amp; rice”.</p> <li>(g) chemical fertilizer, organic manure and oil cakes;</li> <li>(h) cotton, ginned or baled</li> </li></ul>
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 70% (60% upto 31/03/2015) from the gross value hence Service Tax is payable on 30% (40% upto 31/03/2015) of the gross value subject to condition of non availment of CENVAT Credit on Capital Goods, Inputs &amp; Input Services.</li> </ul>
<b>3) TRANSPORT OF GOODS BY RAIL</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• In view of Rule 10 of PPSR, services of transport of goods by rail are taxable where the destination of such goods is within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	NOT APPLICABLE
<b>EXEMPTIONS</b>	Refer Exemption List under Services of Transport of Goods by Vessel
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 70% from the gross value hence Service Tax is payable on 30% of the gross value subject to condition (inserted w.e.f. 01/04/2015) of non availment of CENVAT Credit on Capital Goods, Inputs &amp; Input Services.</li> </ul>
<b>4) TRANSPORT OF GOODS BY AIR</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• In view of Rule 10 of PPSR, services of transport of goods by air are taxable where the destination of such goods is within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>• Section 66D (p) (ii) – Services by way of transportation of goods by</li> </ul>

	an aircraft from a place outside India up to the customs station of clearance in India.
<b>EXEMPTIONS</b>	NIL
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• No abatement hence Service Tax payable on gross value</li> </ul>
<b>5) PASSENGER TRAVEL THROUGH AIR</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• As per Rule 11 of PPSR, the place of provision of services of passenger transportation is the place where the passenger embarks on the conveyance for a continuous journey.</li> <li>• Rule 2(d) of PPSR defines “continuous journey” means a journey for which a single or more than one ticket or invoice is issued at the same time, either by one service provider or through one agent acting on behalf of more than one service provider, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.</li> <li>• Rule 2(g) of PPSR defines “leg of journey” means a part of the journey that begins where passengers embark or disembark the conveyance, or where it is stopped to allow for its servicing or refueling, and ends where it is next stopped for any of those purposes.</li> <li>• As per Para 5.11.3 of EG, “stopover” means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time. All stopovers do not cause a break in continuous journey. Only such stopovers will be relevant for which one or more separate tickets are issued.</li> </ul>
<b>NEGATIVE LIST</b>	NOT APPLICABLE
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• Entry 23 (a) – Transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal</li> <li>• Entry 23 (c) – Transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway.</li> </ul>
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 60% from the gross value hence Service Tax is payable on 40% of the gross value subject to condition of non availment of CENVAT Credit on Capital Goods &amp; Inputs.</li> <li>• No restriction on availment of CENVAT Credit on input services</li> <li>• W.e.f. 1<sup>st</sup> April,2015, the abatement in respect of other than economy class is reduced to 40% hence Service Tax is payable on</li> </ul>

	60% of the gross value.
<b>6) PASSENGER TRAVEL THROUGH RAIL</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>In view of Rule 11 of PPSR, services of passenger transport by rail are taxable in cases where the place where the passenger embarks on the conveyance for a continuous journey is located within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>Section 66D (o) (ii) – Services of transportation of passengers, with or without accompanied belongings, by railways in a class other than – <ul style="list-style-type: none"> <li>(A) first class; or</li> <li>(B) an airconditioned coach</li> </ul> </li> <li>Section 66D (o) (iii) – Services of transportation of passengers, with or without accompanied belongings, by metro, monorail or tramway</li> </ul>
<b>EXEMPTIONS</b>	NOT APPLICABLE
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 70% from the gross value hence Service Tax is payable on 30% of the gross value subject to condition (inserted w.e.f. 01/04/2015) of non availment of CENVAT Credit on Capital Goods, Inputs &amp; Input Services.</li> </ul>
<b>7) PASSENGER TRAVEL THROUGH WATER</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>In view of Rule 11 of PPSR, services of passenger transport by water are taxable in cases where the place where the passenger embarks on the conveyance for a continuous journey is located within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>Section 66D (o) (iv) – Services of transportation of passengers, with or without accompanied belongings, by inland waterways</li> <li>Section 66D (o) (v) – Services of transportation of passengers, with or without accompanied belongings, by public transport, other than predominantly for tourism purpose, in a vessel between places located in India.</li> <li>As per Para 4.15.5 of EG, Normal Public Ships that sail between places located in India would be covered in the negative list even if some passengers on board are using the services for tourism since such vessel is predominantly not for tourism purpose..... Whereas cruise ship will not be covered in this entry even if some persons are not using it for tourism purposes</li> </ul>
<b>EXEMPTIONS</b>	NOT APPLICABLE
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>No abatement hence Service Tax payable on gross value</li> </ul>



<b>8) PASSENGER TRAVEL THROUGH ROAD</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>In view of Rule 11 of PPSR, services of passenger transport by road are taxable in cases where the place where the passenger embarks on the conveyance for a continuous journey is located within the taxable territory</li> </ul>
<b>NEGATIVE LIST</b>	<ul style="list-style-type: none"> <li>Section 66D (o) (i) – Services of transportation of passengers, with or without accompanied belongings, a by stage carriage.</li> <li>Section 66D (o) (vi) – Services of transportation of passengers, with or without accompanied belongings, by metered cabs or auto rickshaws</li> <li>Section 65B (32) – “metered cab” means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 and the rules made thereunder but does not include radio taxi.</li> <li>Section 65B (46) – “stage carriage” shall have the meaning assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988</li> </ul>
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>Entry 23 (b) – Transport of passengers, with or without accompanied belongings, by non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire.</li> <li>Para 2 Clause (m) – “contract carriage” has the meaning assigned to it in clause (7) of Section 2 of the Motor Vehicles Act, 1988</li> <li>Para 2 Clause (za) – “radio taxi” means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking using Global Positioning System (GPS) or General Packet Radio Service (GPRS)</li> </ul>
<b>REVERSE CHARGE</b>	<ul style="list-style-type: none"> <li>Section 68 (2) read with Rule 2(1)(d)(i)(F)(a) - in relation to service provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers, to any person who is not engaged in a similar business, by any individual / HUF / partnership firm including AOP to a business entity registered as a body corporate, <b>the “person liable to pay service tax”</b> is such recipient of service.</li> <li>When Service Tax is paid on abated value, 100% of the Service Tax is to be paid by recipient of service</li> <li>When Service Tax is paid on non-abated value, the Service Tax is to be paid equally by provider of service &amp; recipient of service in the ratio of 50% : 50%.</li> <li>In respect of any service provided or agreed to be provided by a</li> </ul>

	<p>person involving an aggregator in any manner, 100% of the service tax is to be paid by the aggregator of the service.</p> <ul style="list-style-type: none"> <li>• If the aggregator does not have a physical presence in the taxable territory, any person representing the aggregator for any purpose in the taxable territory shall be liable for paying service tax.</li> <li>• If the aggregator does not have a physical presence or does not have a representative for any purpose in the taxable territory, the aggregator shall appoint a person in the taxable territory for the purpose of paying service tax and such person shall be liable for paying service tax.</li> <li>• Rule 2(1)(aa) of the Service Tax Rules,1994 defines “aggregator” means a person, who owns and manages a web based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator.</li> <li>• Rule 2(1)(bca) of the Service Tax Rules,1994 defines “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 an invented word or writing, or a symbol, monogram, logo, label, signature, which is used for the purpose of indicating, or so as to indicate a connection, in the course of trade, between a service and some person using the name or mark with or without any indication of the identity of that person;</li> </ul>
<p><b>VALUATION &amp; ABATEMENTS</b></p>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants abatement of 60% from the gross value hence Service Tax is payable on 40% of the gross value subject to condition of non availment of CENVAT Credit on Capital Goods, Inputs &amp; Input Services (other than renting of motor cabs).</li> <li>• In case of services of renting of motor cabs, CENVAT Credit in respect of input services of renting of motor cab is allowed in following manner: <ul style="list-style-type: none"> <li>(a) Full CENVAT Credit for input services received from service provider paying Service Tax on 40%</li> <li>(b) Upto 40% CENVAT Credit on such input services received from service provider paying Service Tax on full value</li> </ul> </li> </ul>
<p><b>9) SERVICES PROVIDED ON BOARD A CONVEYANCE</b></p>	
<p><b>TAXABILITY</b></p>	<ul style="list-style-type: none"> <li>• In view of Rule 12 of PPSR, the place of provision of services provided on board a conveyance during the course of passenger transport operation, including services intended to be wholly or substantially consumed while on board is the first scheduled point of departure of that conveyance for that journey.</li> </ul>

	<ul style="list-style-type: none"> <li>• Thus, any service provided on board a conveyance (example aircraft, vessel, roadways bus or rail) will be covered here.</li> <li>• For e.g. on board services of music/movies/ video games etc on demand only when provided against a specific charges and not supplied as part of fare.</li> <li>• Thus if a video game is provided during the Mumbai-Delhi Leg of a London-Mumbai-Delhi flight, the same would not be taxable</li> </ul>
<b>NEGATIVE LIST</b>	NOT APPLICABLE
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• No specific exemption. Service provider can claim suitable exemption based on classification of service.</li> </ul>
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• No specific abatements. Service provider can claim suitable abatement based on classification of service such as catering etc.</li> </ul>
<b>10) TOUR OPERATOR'S SERVICES</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• In view of Rule 9 (c) of the PPSR, the place of provision of services provided by Tour Operator is the location of the service provider.</li> <li>• As per Para 5.9.6 of EG, Tour Operator is covered within the definition of "intermediary"</li> </ul>
<b>NEGATIVE LIST</b>	NOT APPLICABLE
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• Entry 5A – Services by Kumaon Mandal Vikas Nigam Ltd. or "Committee" or "State Committee" as defined U/s.2 of Haj Committee Act,2002 in respect of religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement.</li> <li>• Entry 42 – Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India.</li> </ul>
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENT</b>	<ul style="list-style-type: none"> <li>• Notification No.26/2012-ST dated 20<sup>th</sup> June,2012 grants following abatements from the gross value subject to condition of non availment of CENVAT Credit on Capital Goods, Inputs &amp; Input Services (other than services related to tour operator) <ul style="list-style-type: none"> <li>i) 75% in case of a Package Tour (bill to indicate amount charged is inclusive of charges for such packaged tour)</li> <li>ii) 90% in case of services solely of arranging or booking accommodation in relation to a tour (bill to include cost of accommodation)</li> <li>iii) 60% in case of any other service (bill to indicate amount charged is gross amount charged for such tour)</li> </ul> </li> </ul>
<b>11) RENTING OF MOVABLES</b>	
<b>TAXABILITY</b>	<ul style="list-style-type: none"> <li>• "Service" U/s.65B (44) specifically excludes transfer, delivery or</li> </ul>

	<p>supply of any goods which is deemed to be a sale within the meaning of clause (29A) of article 366 of the Constitution of India.</p> <ul style="list-style-type: none"> <li>• Declared Service U/s. 66E (f) – Transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods.</li> <li>• As per Rule 9(d) of PPSR, the place of provision of service consisting of hiring of all means of transport other than (i) aircrafts &amp; (ii) vessels except yachts, upto a period of one month is location of service provider.</li> <li>• As per Rule 3 of PPSR, the place of provision of service consisting of hiring of aircrafts &amp; vessels except yachts, upto a period of one month is location of service receiver.</li> <li>• Para 6.6.2 of Educational Guide - Illustrative list of transactions covered under this entry <ul style="list-style-type: none"> <li>i) Car given on hire along with driver on payment of charges on per month / mileage basis</li> <li>ii) Supply of equipments like excavators, wheel loaders, dump trucks, cranes etc. for use in a particular project subject to terms &amp; conditions relating to manner of use of such equipments etc.</li> <li>iii) Hiring of bank lockers</li> <li>iv) Hiring out of vehicles where it is the responsibility of the owner to abide by all the laws relating to motor vehicles</li> <li>v) Hiring of audio visual equipment where risk is of the owner</li> </ul> </li> </ul>
<b>NEGATIVE LIST</b>	NOT APPLICABLE
<b>EXEMPTIONS</b>	<ul style="list-style-type: none"> <li>• Entry 22 – Services by way of giving on hire – <ul style="list-style-type: none"> <li>(a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or</li> <li>(b) to a goods transport agency, a means of transportation of goods</li> </ul> </li> </ul>
<b>REVERSE CHARGE</b>	NOT APPLICABLE
<b>VALUATION &amp; ABATEMENTS</b>	<ul style="list-style-type: none"> <li>• No abatement hence Service Tax payable on gross value</li> </ul>