

Service Tax – Negative List

In the negative list system all services are taxable and only those services that are mentioned under negative list are exempted. Earlier all services were exempt from service tax except those specifically mentioned in the act. So basically it is the other way round now.

The negative list is mentioned in Finance Act 2012. Relevant extracts of the same are given below (see also the highlighted portion). However the Finance Act did not mention the date of implementation of the same, which was notified through **Notification No. 19 /2012-Service Tax dated June 05, 2012**.

Extracts from Clause 143- Section 66D

(34) Negative list of services. "Negative list" means the services which are listed in section 66D;

66D. The negative list shall comprise of the following services, namely:-

(a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere-

(i) services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government;

(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;

(iii) transport of goods or passengers; or

(iv) support services, other than services covered under clauses (i) to (iii) above, provided to business entities;

(b) services by the Reserve Bank of India;

(c) services by a foreign diplomatic mission located in India;

(d) services relating to agriculture or agricultural produce by way of-

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

(ii) supply of farm labour;

(iii) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;

(iv) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;

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

(vi) agricultural extension services;

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

(e) trading of goods;

(f) any process amounting to manufacture or production of goods;

(g) selling of space or time slots for advertisements other than advertisements broadcast by radio or television;

(h) service by way of access to a road or a bridge on payment of toll charges;

(i) betting, gambling or lottery;

(j) admission to entertainment events or access to amusement facilities;

(k) transmission or distribution of electricity by an electricity transmission or distribution utility;

(l) services by way of-

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

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

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

(m) services by way of renting of residential dwelling for use as residence;

(n) services by way of-

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

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

(o) service of transportation of passengers, with or without accompanied belongings, by-

(i) a stage carriage;

(ii) railways in a class other than-

(A) first class; or

(B) an airconditioned coach;

(iii) metro, monorail or tramway;

(iv) inland waterways;

(v) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and

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

(p) services by way of transportation of goods-

(i) by road except the services of-

(A) a goods transportation agency; or

(B) a courier agency;

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

(iii) by inland waterways;

(q) funeral, burial, crematorium or mortuary services including transportation of the deceased.

Notification No. 19 /2012-Service Tax

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SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

New Delhi, the 5th June, 2012

Notification No. 19 /2012-Service Tax

G.S.R.____(E).- In exercise of the powers conferred by clauses (C), (F), (G) and (I) of section 143 of the Finance Act, 2012 (23 of 2012), the Central Government hereby appoints the 1st day of July, 2012 as the date from which the provisions of clauses (C), (F), (G) and (I) of the said section of the said Act shall come into force.

[F. No. 334 /1 /2012-TRU]

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