

**Valuation under Service Tax: Problems and Case studies**

**Case 1**

M/s. ABC provides support services for its clients in the form of assisting them in clinical studies which are an integral part of the clients overall project. The activities involved in the support services are

- (i) Obtaining the necessary approval for conducting clinical studies.
- (ii) Take up the supervision / co-ordination with the client's project team.
- (iii) Assist to prepare the study feasibility questionnaire.
- (iv) Provide quality assurance services.
- (v) Data management.

To accomplish this ABC engages investigators to conduct the clinical trials on human participants. These investigators may be doctors or hospitals whose responsibilities are to conduct the trials in accordance with the protocol or ABC instructions.

M/s. ABC invoices the clients in the following manner:

- (a) Professional Fees for the support services provided by M/s. ABC
- (b) Costs incurred to be recovered as per agreement
  - (i) Travel cost
  - (ii) Investigators meeting expenses
  - (iii) Communication expenses
  - (iv) Licence cost
  - (v) Investigators grants

Costs as per (b) are charged on actual basis to which are incurred during the project time for providing the clinical research services in terms of agreement entered with clients.

**Issues**

Whether the costs incurred by the M/s. ABC in terms of various agreements entered with client is subject to service tax?


**Case 2**

M/S. XYZ is in the activity of Earth Movers and Extractors. It has been engaged by a mining company for over burden removal towards the activity of extraction of ores from the soil. The contract contains the following:

- (i) M/S. XYZ has to provide all the equipment and the expertise required for the over burden removal. For this a pre – fixed rate per cubic meter will be paid.
- (ii) Diesel to run such equipment where required will be provided by the Mining company. Diesel cost not included in the pre – fixed rate.
- (iii) Explosives and Detonators required for the said activity will be provided by the Mining company. Diesel cost not included in the pre – fixed rate. (These are restricted items in terms of safety requirements and certification).

Running bills are submitted at the agreed rates by the contractors based on the productivity and other parameters as laid down and certified in terms of the contract and at pre-fixed rates.

The department has taken a view that the M/S. XYZ has adopted the device of excluding the cost of diesel and explosives/detonators to reduce the incidence of service tax on such supplies by entering into contracts where the rate per cubic meter of material removed does not include cost of such diesel and explosives/detonators.

The position taken by M/S. XYZ is that the diesel and explosives/detonators are essential for the performance of the activity and without this the said over burden removal cannot be undertaken. Explosives and detonators being controlled items will have to be necessarily supplied by the mining company and cannot be procured in the open market by the M/S. XYZ in the normal course. The liability to service tax will have to be strictly on the terms of the contract and there is nothing in the law to invoke the provision of similar services under the service tax valuation rules.

**Issue:**

Whether the value of free items also would include in value of service irrespective of the same being specifically discussed in the contract or not?


**Case 3**

Agreement between Client and a contractor for a works contract involving

- (i) Installation/ commissioning service,
- (ii) Supply of materials, and
- (iii) Perform annual maintenance services

As part of such installation/commissioning work, the client supplies certain materials/capital assets to the contractor that are consumed/used in the execution of the work, by the contractor. Post completion of the contract, the capital assets are returned by the contractor to the client. The contract clearly specifies separate consideration for supply of materials, services and composite works. The price quoted by the contractor in the Letter of Acceptance indicates that the consideration is exclusive of Service Tax but inclusive of all other taxes including VAT. The contractor raises invoices for the activities undertaken, in the following manner:

- Bill for services
- Bill for supplies made by the contractor to the client in relation to the contract
- Composite billing for indivisible activities, involving supply of both materials and services

**Issues:**

- Whether a single contract entered into with the contractor could be bifurcated as a contract for service, contract for supplies and a composite contract?
- Valuation mechanism for the computation of service tax in the given situation?
- Determination of whether the value of materials (used and consumed in the contract), supplied by the client to the contractor, would be includible in the taxable value, for the purpose of determination of the service tax liability?
- Determination of whether the value of capital assets (used in the contract and returned to the client post-use), supplied by the client to the contractor, would be includible in the taxable value for the purpose of determination of the service tax liability?


**Case 4**

M/s. Car is a rent a cab service provider.

The rate he normally quotes for his clients are:

- (a) Rs. 20 per Km (Air Conditioned – Driver provided)
- (b) Rs. 15 per KM (Non - Air Conditioned – Driver Provided)

Services provided by him during a month is as follows:

(i) Client X took the car on hire for 100 Km. Amount charged (100 Km X Rs. 20)= Rs. 2000

(ii) Client Y took the car on hire for 100 Km. However at the time of booking he made a deal wherein he himself will pay for the petrol of the car. Due to this the rate was negotiated to be Rs. 18 (Air Conditioned – Driver provided). Amount charged (100 Km X Rs. 18)= Rs. 1800. The client incurred Rs. 800 as petrol cost but could produce bills only of Rs. 600.

**Issue:**What is value of Taxable service in the above cases?


**Case 5**

An air conditioned restaurant is partitioned and divided into two parts. Ala Carte is served in one portion and in another portion buffet lunch is served in the day time. In the evening, the other portion is used as exclusive banquet hall. In case, where there is no booking for banquet, the said portion is used as normal restaurant where food is served on Ala Carte basis. Restaurant also provides the home delivery of the food.

**Issue for consideration -** What is the value of taxable service

During the Day

- (1) In the demarcated portion where Ala Carte is served?
- (2) In the demarcated portion where Buffet is served?
- (3) For free home delivery of goods?
- (4) For charged home delivery of goods?

During Evening

- (1) In the demarcated portion where Ala Carte is served?
- (2) In the demarcated portion used as Banquet Hall (if booked)?
- (3) In the demarcated portion used as Banquet Hall (if not booked)?
- (4) For free home delivery of goods?
- (5) For charged home delivery of goods?


**Case 6**

A Builder has been appointed for redeveloping a society having 25 flats, each measuring 800 sq.ft. Under the agreement with society, the builder is given right to redevelop the society totaling to 35000 sq.ft. Out of the said space, 25 flats each measuring 1000 sq. ft. totaling to 25000 sq.ft. shall be allotted to members of society and the builder shall sell the balance flats to outside Parties.

The builder shall also pay to each member of society Rs. 40,000/- as one time relocation charges, Rs. 30,000/- per month as Rent Compensation for 22 months, Rs. 7 lacs to each member of society as lump sum compensation.

**Issues for discussion:**

- a) Whether Service Tax is applicable on the flats allotted to the members of society?
- b) If yes, then at what value?
- c) Whether service tax will be applicable on the compensations received by the members of the society from the builder, if yes then on what quantum?


**Case 7**

Chocolate Ltd. specializes in manufacturing dark chocolates. It has a wide reputation worldwide. For Advertising its latest creation “Dark Mischief” chocolate it has entered into contract of hiring 25 Advertising signboards across Mumbai at prime locations for a month. For each signboard the rental it pays is Rs. 35000 a month.

Movies Ltd. a film producing company produces a film “The Hero of the Dark World”. For the promotion of the film it has entered into contract of hiring 50 Advertising signboards across Mumbai at prime locations for a month. For each signboard the rental it pays is Rs. 25000 a month.

Looking at the popularity of the “Dark Mischief” chocolate, Movies Ltd. approaches Chocolate Ltd. and puts a proposal as follows to which the other agrees:

- (1) Movies Ltd. will give one third of its Advertising signboard space to Chocolate Ltd. for advertising its “Dark Mischief” chocolate.
- (2) In consideration for this Chocolate Ltd. will give one third of its Advertising signboard space to Movies Ltd. for advertising its film “The Hero of the Dark World”.
- (3) Both the companies can use suitable slogans to relate their products. E.g. ‘The Hero of the Dark World powered by Dark Mischief’.

**Issue For Consideration:** What are the service tax implications with special reference to Value of Taxable Service?


**Case 8**

A movie theatre has an in-house food counters. The movie theatre also offers services wherein their employees take order from viewers and serve their order to them at their respective seats. The price charged by the theatre for food items sold over the counter and served at seats is same.

**Issues:** (i) What is the Value of taxable service if any?


SERVICE TAX — STATUTORY PROVISIONS

**SECTION 67. Valuation of taxable services for charging service tax. —**

(1) Subject to the provisions of this Chapter, where service tax is chargeable on any taxable service with reference to its value, then such value shall, —

(i) in a case where the provision of service is for a consideration in money, be the gross amount charged by the service provider for such service provided or to be provided by him;

(ii) in a case where the provision of service is for a consideration not wholly or partly consisting of money, be such amount in money as, with the addition of service tax charged, is equivalent to the consideration;

(iii) in a case where the provision of service is for a consideration which is not ascertainable, be the amount as may be determined in the prescribed manner.

(2) Where the gross amount charged by a service provider, for the service provided or to be provided is inclusive of service tax payable, the value of such taxable service shall be such amount as, with the addition of tax payable, is equal to the gross amount charged.

(3) The gross amount charged for the taxable service shall include any amount received towards the taxable service before, during or after provision of such service.

(4) Subject to the provisions of sub-sections (1), (2) and (3), the value shall be determined in such manner as may be prescribed.

**Explanation.** — For the purposes of this section, —

(a) “*consideration*” includes –

(i) any amount that is payable for the taxable services provided or to be provided;

(ii) any reimbursable expenditure or cost incurred by the service provider and charged, in the course of providing or agreeing to provide a taxable service, except in such circumstances, and subject to such conditions, as may be prescribed;

(iii) any amount retained by the lottery distributor or selling agent from gross sale amount of lottery ticket in addition to fee or commission, if any, or, as the case may be, the discount received, that is to say, the difference in the face value of lottery ticket and the price at which distributor or selling agent gets such ticket.

(b) Omitted

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

**SECTION 67A. Date of determination of rate of tax, value of taxable service and rate of exchange. —**

The rate of service tax, value of a taxable service and rate of exchange, if any, shall be the rate of service tax or value of a taxable service or rate of exchange, as the case may be, in force or as applicable at the time when the taxable service has been provided or agreed to be provided.

**Explanation.** — For the purposes of this section, “rate of exchange” means the rate of exchange determined in accordance with such rules as may be prescribed.

## SERVICE TAX (DETERMINATION OF VALUE) RULES, 2006

[Notification No. 12/2006-S.T., dated 19-4-2006 as amended]

In exercise of the powers conferred by clause (aa) of sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules, namely :-

### **RULE 1. Short title and commencement. —**

- (1) These rules may be called the Service Tax (Determination of Value) Rules, 2006.
- (2) They shall come into force on the date of their publication in the Official Gazette.

### **RULE 2. Definitions. —**

In these rules, unless the context otherwise requires, -

- (a) “Act” means the Finance Act, 1994 (32 of 1994);
- (b) “section” means the section of the Act;
- (c) “value” shall have the meaning assigned to it in section 67;
- (d) words and expressions used in these rules and not defined but defined in the Act shall have the meaning respectively assigned to them in the Act.

### **RULE 2A. Determination of value of service portion in the execution of a works contract. —**

Subject to the provisions of section 67, the value of service portion in the execution of a works contract, referred to in clause (h) of section 66E of the Act, shall be determined in the following manner, namely :-

(i) Value of service portion in the execution of a works contract shall be equivalent to the gross amount charged for the works contract less the value of property in goods transferred in the execution of the said works contract.

**Explanation.** - For the purposes of this clause,-

(a) gross amount charged for the works contract shall not include value added tax or sales tax, as the case may be, paid or payable, if any, on transfer of property in goods involved in the execution of the said works contract;

(b) value of works contract service shall include, -

(i) labour charges for execution of the works;

(ii) amount paid to a sub-contractor for labour and services;

(iii) charges for planning, designing and architect’s fees;

(iv) charges for obtaining on hire or otherwise, machinery and tools used for the execution of the works contract;

(v) cost of consumables such as water, electricity, fuel used in the execution of the works contract;

(vi) cost of establishment of the contractor relating to supply of labour and services;

(vii) other similar expenses relating to supply of labour and services; and

(viii) profit earned by the service provider relating to supply of labour and services;

(c) where value added tax or sales tax has been paid or payable on the actual value of property in goods transferred in the execution of the works contract, then, such value adopted for the purposes of payment of value added tax or sales tax, shall be taken as the value of property in goods transferred in the execution of the said works contract for determination of the value of service portion in the execution of works contract under this clause;

(ii) Where the value has not been determined under clause (i), the person liable to pay tax on the service portion involved in the execution of the works contract shall determine the service tax payable in the following manner, namely :-

(A) in case of works contracts entered into for execution of original works, service tax shall be payable on **forty per cent** of the total amount charged for the works contract;

(B) in case of works contract, not covered under sub-clause (A), including works contract entered into for, -

(i) maintenance or repair or reconditioning or restoration or servicing of any goods; or

(ii) maintenance or repair or completion and finishing services such as glazing or plastering or floor and wall tiling or installation of electrical fittings of immovable property, service tax shall be payable on **seventy per cent.** of the total amount charged for the works contract.

**Explanation 1.** - For the purposes of this rule,-

(a) "original works" means-

(i) all new constructions;

(ii) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(iii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

(b) "total amount" means the sum total of the gross amount charged for the works contract and the fair market value of all goods and services supplied in or in relation to the execution of the works contract, whether or not supplied under the same contract or any other contract, after deducting-

(i) the amount charged for such goods or services, if any; and

(ii) the value added tax or sales tax, if any, levied thereon :

**Provided** that the fair market value of goods and services so supplied may be determined in accordance with the generally accepted accounting principles.

**Explanation 2.** - For the removal of doubts, it is clarified that the provider of taxable service shall not take CENVAT credit of duties or cess paid on any inputs, used in or in relation to the said works contract, under the provisions of CENVAT Credit Rules, 2004.

**RULE [2B. Determination of value of service in relation to money changing. —**

Subject to the provisions of section 67, the value of taxable service provided for the services, so far as it pertains to purchase or sale of foreign currency, including money changing, shall be determined by the service provider in the following manner :-

For a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI), [reference rate for that currency at that time], multiplied by the total units of currency.

<i>Example I</i>	[US \$ 1000 are sold by a customer at the rate of Rupees 45 per US \$.
	RBI reference rate for US \$ is Rupees 45.50 for that day.
	The taxable value shall be Rupees 500.
<i>Example II</i>	INR 70000 is changed into Great Britain Pound (GBP) and the exchange rate offered is Rupees 70, thereby giving GBP 1000.
	RBI reference rate for that day for GBP is Rupees 69.
	The taxable value shall be Rupees 1000 :

**Provided** that in case where the RBI reference rate for a currency is not available, the value shall be 1% of the gross amount of Indian Rupees provided or received, by the person changing the money :

**Provided** further that in case where neither of the currencies exchanged is Indian Rupee, the value shall be equal to 1% of the lesser of the two amounts the person changing the money would have received by converting any of the two currencies into Indian Rupee on that day at the reference rate provided by RBI;

**RULE [2C. Determination of value of service portion involved in supply of food or any other article of human consumption or any drink in a restaurant or as outdoor catering.**

Subject to the provisions of section 67, the value of service portion, in an activity wherein goods being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity at a restaurant or as outdoor catering, shall be the specified percentage of the total amount charged for such supply, in terms of the following Table, namely :-

TABLE

Sl. No.	Description	Percentage of the total amount
(1)	(2)	(3)
1.	Service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity, at a restaurant	40
2.	Service portion in outdoor catering wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of such outdoor catering	60

**Explanation 1.** - For the purposes of this rule, “total amount” means the sum total of the gross amount charged and the fair market value of all goods and services supplied in or in relation to the supply of food or any other article of human consumption or any drink (whether or not intoxicating), whether or not supplied under the same contract or any other contract, after deducting -

- (i) the amount charged for such goods or services, if any; and
- (ii) the value added tax or sales tax, if any, levied thereon :

**Provided** that the fair market value of goods and services so supplied may be determined in accordance with the generally accepted accounting principles.

**Explanation 2.** - For the removal of doubts, it is clarified that the provider of taxable service shall not take CENVAT credit of duties or cess paid on any goods classifiable under Chapters 1 to 22 of the Central Excise Tariff Act, 1985 (5 of 1986 ).

**RULE 3. Manner of determination of value. —**

Subject to the provisions of section 67, the value of taxable service, [where such value is not ascertainable], shall be determined by the service provider in the following manner :-

- (a) the value of such 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;
- (b) where the value cannot be determined in accordance with clause (a), the service provider shall determine the equivalent money value of such consideration which shall, in no case be less than the cost of provision of such taxable service.

**RULE 4. Rejection of value.—**

(1) Nothing contained in rule 3 shall be construed as restricting or calling into question the power of the Central Excise Officer to satisfy himself as to the accuracy of any information furnished or document presented for valuation.

(2) Where the Central Excise Officer is satisfied that the value so determined by the service provider is not in accordance with the provisions of the Act or these rules, he shall issue a notice to such service provider to show cause why the value of such taxable service for the purpose of charging service tax

should not be fixed at the amount specified in the notice.

(3)The Central Excise Officer shall, after providing reasonable opportunity of being heard, determine the value of such taxable service for the purpose of charging service tax in accordance with the provisions of the Act and these rules.

**RULE 5. Inclusion in or exclusion from value of certain expenditure or costs. —**

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

**Explanation.-** For the removal of doubts, it is hereby clarified that for the value of the telecommunication service shall be the gross amount paid by the person to whom telecommunication service is actually provided.

(2) Subject to the provisions of sub-rule (1), the expenditure or costs incurred by the service provider as a pure agent of the recipient of service, shall be excluded from the value of the taxable service if all the following conditions are satisfied, namely :-

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

**Explanation 1.** - For the purposes of sub-rule (2), “pure agent” means a person who -

- (a) enters into a contractual agreement with the recipient of service to act as his pure agent to incur expenditure or costs in the course of providing taxable service;
- (b) neither intends to hold nor holds any title to the goods or services so procured or provided as pure agent of the recipient of service;
- (c) does not use such goods or services so procured; and
- (d) receives only the actual amount incurred to procure such goods or services.

**Explanation 2.** - For the removal of doubts it is clarified that the value of the taxable service is the total amount of consideration consisting of all components of the taxable service and it is immaterial that the details of individual components of the total consideration is indicated separately in the invoice.

**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 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 travelling 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 itemized 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.

**RULE 6. Cases in which the commission, costs, etc., will be included or excluded. —**

(1) Subject to the provisions of section 67, the value of the taxable services shall include, -

- (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;
- (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;
- (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; and
- [(x) the amount realised as demurrage or by any other name whatever called for the provision of a service beyond the period originally contracted or in any other manner relatable to the provision of service.

(2) Subject to the provisions contained in sub-rule (1), the value of any taxable service, as the case may be, does not include -

- (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 [rail travel agent] in respect of service provided by him; and
- [(iv) interest on delayed payment of any consideration for the provision of services or sale of property, whether movable or immovable;
- [(v) the taxes levied by any Government on any passenger travelling by air, if shown separately on the ticket, or the invoice for such ticket, issued to the passenger.

- (vi) accidental damages due to unforeseen actions not relatable to the provision of service; and
- (vii) subsidies and grants disbursed by the Government, not directly affecting the value of service.

**RULE 7. Actual consideration to be the value of taxable of service provided from outside India.**

**Abatement from Value of Service Tax** [Notification No. 26/2012- Service Tax]

Sl. No.	Description of taxable service	Taxable (%)	Conditions	
1	Services in relation to financial leasing including hire purchase	10	NIL	
2	Transport of goods by rail	30	CENVAT credit on(w.e.f. 1.4.2015)	
			Capital goods	Not to be taken
			Inputs (goods)	Not to be taken
			Input service	Not to be taken
3	Transport of passengers by rail, with or without accompanied belongings	30	CENVAT credit on(w.e.f. 1.4.2015)	
			Capital goods	Not to be taken
			Inputs (goods)	Not to be taken
			Input service	Not to be taken
4	Bundled service – by way of supply of food or any other article of human consumption or any drink in a premises, together with -renting of such premises	70	CENVAT credit on	
			Capital goods	Can be taken
			Inputs (goods)	
			- u/chpt 1- 22 of CETA	Not to be taken
			- Others	Can be taken
Input service	Can be taken			
5	Transport of passengers by air, with or without accompanied Belongings in (i) Economy Class (w.e.f. 1.4.2015) (ii) Other than Economy Class (w.e.f. 1.4.2015)	40	CENVAT credit on	
			Capital goods	Not to be taken
		60	Inputs (goods)	Not to be taken
		Input service	Can be taken	
6	Renting of hotels, inns, guest, houses, clubs, campsites or other commercial places meant for residential or lodging purposes.	60	CENVAT credit on	
			Capital goods	Not to be taken
			Inputs (goods)	Not to be taken
			Input service	Can be taken
7	Services of goods transport agency in relation to transportation of goods. (25% upto 31.3.2015)	30 (w.e.f. 1.4.2015)	CENVAT credit on	
			Capital goods	Not to be taken by provider
			Inputs (goods)	Not to be taken by provider
			Input service	Not to be taken by provider
8	Services provided in relation to chit (Omitted w.e.f 1.4.2015)	-	-	
9	Renting of any motor vehicle designed to carry passengers (Motorcabs)	40	CENVAT credit on	
			Capital goods	Not to be taken
			Inputs	Not to be taken
			Input service *	
			On Motorcabs	Full can be taken – if Sr. provider has charged on 40% value Upto 40% only can be taken – if Sr. provider has charged on 100% value
			On Others	Not to be taken
9A	Transport of Passengers, with or without accompanied belongings by – (a) a contract carriage other than motorcab (b) a radio taxi	40	CENVAT credit on	
			Capital goods	Not to be taken
			Inputs (goods)	Not to be taken
			Input service	Not to be taken
10	Transport of goods in a vessel.	30 (w.e.f. 1.4.2015)	CENVAT credit on	
			Capital goods	Not to be taken
			Inputs (goods)	Not to be taken
			Input service	Not to be taken

Sl. No.	Description of taxable service	Taxable (%)	Conditions												
11	Services by a tour operator in relation to,- (i) a package tour	25	The bill issued for this purpose indicates that it is inclusive of charges for such a tour.  <table border="1"> <tr> <th colspan="2">CENVAT credit on</th> </tr> <tr> <td>Capital goods</td> <td>Not to be taken</td> </tr> <tr> <td>Inputs (goods)</td> <td>Not to be taken</td> </tr> <tr> <td>Input service</td> <td></td> </tr> <tr> <td>- of Tour Operator</td> <td>Can be taken</td> </tr> <tr> <td>- Others</td> <td>Not to be taken</td> </tr> </table>	CENVAT credit on		Capital goods	Not to be taken	Inputs (goods)	Not to be taken	Input service		- of Tour Operator	Can be taken	- Others	Not to be taken
	CENVAT credit on														
	Capital goods	Not to be taken													
	Inputs (goods)	Not to be taken													
Input service															
- of Tour Operator	Can be taken														
- Others	Not to be taken														
(ii) a tour, if the tour operator is providing services solely of arranging or booking accommodation for any person in relation to a tour	10														
(iii) any services other than specified at (i) and (ii) above.	40														

		Taxable Percentage	Taxable Percentage	Conditions								
		Upto 07.05.2013	From 08.05.2013									
12	Construction of a complex, building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly except where entire consideration is received after issuance of completion certificate by the competent Authority	25	-	The value of land is included in the amount charged from the service receiver.  <table border="1"> <tr> <th colspan="2">CENVAT credit on</th> </tr> <tr> <td>Capital Goods</td> <td>Can be taken</td> </tr> <tr> <td>Inputs (Goods)</td> <td>Not to be taken</td> </tr> <tr> <td>Input Services</td> <td>Can be taken</td> </tr> </table>	CENVAT credit on		Capital Goods	Can be taken	Inputs (Goods)	Not to be taken	Input Services	Can be taken
	CENVAT credit on											
	Capital Goods	Can be taken										
Inputs (Goods)	Not to be taken											
Input Services	Can be taken											
(i) for residential unit having carpet area less than 2000 square feet <b>and</b> where the amount charged is less than rupees one crore;	-	25										
(ii) for other than the (i) above.	-	30										