

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE: TRICHY.  
NO.1, WILLIAMS ROAD, CONTONMENT, TRICHY-620 001.

Trade Notice No.10/2007 S. Tax

Dated: 24-5-2007.

**Subject: Service Tax - Communication of Notifications No. 23/2007 ST  
to 32/2007-ST all dt. 22-5-2007 – reg.**

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Consequent on assent of Finance Bill 2007, Ministry's Service Tax Notifications No. 23/2007- ST to No.32/2007-ST all dt. 22-5-2007 issued for various subject is communicated for information, guidance and necessary action.

The contents of this Trade Notice may be brought to the knowledge of all constituent members of the Trade Associations and Chamber of Commerce.

(Issued from C.No.IV/16/905/2007 S.Tax)

Sd./-  
(M.G.THAMIZHVALAVAN)  
JOINT COMMISSIONER (T).

To  
The Mailing list I / II / III

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Copy of Ministry's Service Tax Notification No.23/2007-ST to No.32/2007-ST  
all dt. 22-5-2007 are reproduced below.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 23/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by clause (A) and clause (B) of section 135 of the Finance Act, 2007 (22 of 2007), the Central Government hereby appoints the 1<sup>st</sup> day of June, 2007, as the date on which the provisions of the said clauses of section 135 of the Finance Act, 2007 (22 of 2007) shall come into force.

[F. No. B1/16/2007-TRU]

(G.G. Pai)  
Under Secretary to the Government of India

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 24/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service of renting of immovable property, referred to in sub-clause (zzzz) of clause (105) of section 65 of the Finance Act, from so much of the service tax leviable thereon as is in excess of the service tax calculated on a value which is equivalent to the gross amount charged for renting of such immovable property less taxes on such property, namely property tax levied and collected by local bodies:

Provided that any amount such as interest, penalty paid to the local authority by the service provider on account of delayed payment of property tax or any other reasons shall not be treated as property tax for the purposes of deduction from the gross amount charged:

Provided further that wherever the period for which property tax paid is different from the period for which service tax is paid, property tax proportionate to the period for which service tax is paid shall be calculated and the amount so calculated shall be excluded from the gross amount charged for renting of the immovable property for the said period, for the purposes of levy of service tax.

*Example:*

Property tax paid for April to September = Rs. 12,000/-

Rent received for April = Rs. 1,00,000/-

Service tax payable for April = Rs. 98,000/- (1,00,000–2,000) \* applicable rate of service tax

2. This notification shall come into force on the 1<sup>st</sup> day of June, 2007.

[F. No. B1/5/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 25/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts commercial or industrial construction service, referred to in sub-clause (zzq) of clause (105) of section 65 of the Finance Act, and services provided in relation to the execution of works contract, referred to in sub-clause (zzzza) of clause (105) of section 65 of the Finance Act, provided to any person by any other person in relation to construction of port or other port, from the whole of the service tax leviable thereon under section 66 of the Finance Act.

*Explanation.*- For the purposes of this notification, it is hereby declared that,-

(i) commercial or industrial construction service or services provided in relation to the execution of works contract in relation to construction of port or other port shall not include services of completion and finishing, repair, alteration, renovation, restoration, maintenance or repair provided in relation to existing port or other port; and

(ii) “port” and “other port” have the meanings respectively assigned to them in clauses (81) and (76) of section 65 of the Finance Act.

2. This notification shall come into force on the 1<sup>st</sup> day of June, 2007.

[F. No. B1/5/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 26/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby rescinds the notification of the Government of India in Ministry of Finance (Department of Revenue), No.16/2005-Service Tax, dated the 7<sup>th</sup> June, 2005, published in the Gazette of India, Extraordinary, vide number G.S.R. 358(E), dated the 7<sup>th</sup> June, 2005, except as respects things done or omitted to be done before such rescission.

2. This notification shall come into force with effect from the 1<sup>st</sup> day of June, 2007.

[F. No. B1/5/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal notification No.16/2005-Service Tax, dated the 7<sup>th</sup> June, 2005 was published in the Gazette of India, Extraordinary, vide number G.S.R. 358(E), dated the 7<sup>th</sup> June, 2005 and was last amended vide notification No.19/2006-Service Tax, dated the 25<sup>th</sup> April, 2006 vide number G.S.R. 249(E), dated the 25<sup>th</sup> April, 2006.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 27/2007 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sub-section (2) of section 68 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 36/2004-Service Tax, dated the 31st December, 2004, which was published in the Gazette of India, Extraordinary, vide number G.S.R. 849(E), dated the 31st December, 2004, namely:-

In the said notification, in paragraph (A), in sub-paragraph (i), for the words “a telephone connection or pager or a communication through telegraph or telex or a facsimile communication or a leased circuit”, the words “telecommunication service” shall be substituted.

2. This notification shall come into force on the 1<sup>st</sup> day of June, 2007.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal notification No. 36/2004-Service Tax, dated the 31<sup>st</sup> December, 2004 was published in the Gazette of India, Extraordinary, vide number G.S.R. 849(E), dated the 31<sup>st</sup> December, 2004 and was last amended by notification No. 3/2007-Service Tax, dated the 1<sup>st</sup> March, 2007 vide number G.S.R. 157(E), dated the 1<sup>st</sup> March, 2007.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 28/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-sections (1) and (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax Rules, 1994, namely :-

1. (1) These rules may be called the Service Tax (Fourth Amendment) Rules, 2007.  
(2) They shall come into force on the 1<sup>st</sup> day of June, 2007.
2. In the Service Tax Rules, 1994 (hereinafter referred to as the said rules), in rule 2, in sub-rule (1), in clause (d), in sub-clause (i), for the words “a telephone connection or pager or a communication through telegraph or telex or a facsimile communication or a leased circuit”, the words “telecommunication service” shall be substituted.
3. In the said rules, in rule 6, after sub-rule (4B), the following sub-rule shall be inserted, namely:-

“4C. Notwithstanding anything contained in sub-rules (4), (4A) and (4B), where the person liable to pay service tax in respect of services provided or to be provided in relation to renting of immovable property, referred to in sub-clause (zzzz) of clause (105) of section 65 of the Act, has paid to the credit of Central Government any amount in excess of the amount required to be paid towards service tax liability for a month or quarter, as the case may be, on account of non-availment of deduction of property tax paid in terms of notification No.24/2007-Service Tax, dated the 22<sup>nd</sup> May, 2007, from the gross amount charged for renting of the immovable property for the said period at the time of payment of service tax, the assessee may adjust such excess amount paid by him against his service tax liability within one year from the date of payment of such property tax. The details of such adjustment shall be intimated to the Superintendent of Central Excise having jurisdiction over the service provider within a period of fifteen days from the date of such adjustment.”.

[F. No. B1/5/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 2/94-Service Tax, dated the 28th June 1994 and published in the Gazette of India, Extraordinary vide number G.S.R.546 (E), dated the 28th June 1994 and were last amended vide notification No. 20/2007-Service Tax, dated the 12<sup>th</sup> May, 2007 vide G.S.R. 349(E), dated the 12<sup>th</sup> May, 2007.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 29/2007-Service Tax

G.S.R. (E).— 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 further to amend the Service Tax (Determination of Value) Rules, 2006, namely:-

1. (1) These rules may be called the Service Tax (Determination of Value) (Amendment) Rules, 2007.  
(2) They shall come into force with effect from the 1<sup>st</sup> day of June, 2007.
2. In the Service Tax (Determination of Value) Rules, 2006, after rule 2, the following rule shall be inserted, namely:-  
“2A. Determination of value of services involved in the execution of a works contract:

(1) Subject to the provisions of section 67, the value of taxable service in relation to services involved in the execution of a works contract (hereinafter referred to as works contract service), referred to in sub-clause (zzzza) of clause (105) of section 65 of the Act, shall be determined by the service provider in the following manner:-

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

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

(a) gross amount charged for the works contract shall not include Value Added Tax (VAT) or sales tax, as the case may be, paid, 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 relatable to supply of labour and services;  
(vii) other similar expenses relatable to supply of labour and services; and  
(viii) profit earned by the service provider relatable to supply of labour and services;

(ii) Where Value Added Tax or sales tax, as the case may be, has been paid on the actual value of transfer of property in goods involved in the execution of the works contract, then such value adopted for the purposes of payment of Value Added Tax or sales tax, as the case may be, shall be taken as the value of transfer of property in goods involved in the execution of the said works contract for determining the value of works contract service under clause (i).

[F. No. B1/7/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note: The principal rules were published in the Gazette of India, Extraordinary vide notification No. 12/2006-Service Tax, dated the 19<sup>th</sup> April, 2006, vide number G.S.R. 228 (E), dated the 19<sup>th</sup> April, 2006, and were last amended vide notification No. 24/2006-Service Tax, dated the 27<sup>th</sup> June, 2006, vide number G.S.R. 383(E), dated the 27<sup>th</sup> June, 2006.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 30/2007 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sections 93 and 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Export of Services Rules, 2005, namely :-

1. (1) These rules may be called the Export of Services (Second Amendment) Rules, 2007.

(2) They shall come into force on the 1<sup>st</sup> day of June, 2007.

2. In the Export of Services Rules, 2005, in rule 3,-

(i) in sub-rule (1), in clause (i), for the brackets, letters and word “(zzzh) and (zzzr)”, the brackets, letters and word “(zzzh), (zzzr), (zzzy), (zzzz) and (zzzza)” shall be substituted;

(ii) in sub-rule (2), in clause (b), the words “provided outside India” shall be omitted.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 9/2005-Service Tax, dated the 3<sup>rd</sup> March 2005 and published in the Gazette of India, Extraordinary vide number G.S.R. 151(E), dated the 3<sup>rd</sup> March 2005 and were last amended vide notification No. 2/2007-Service Tax, dated the 1<sup>st</sup> March, 2007 vide number G.S.R. 156(E), dated the 1<sup>st</sup> March, 2007.

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New Delhi, the 22<sup>nd</sup> May, 2007

Notification No. 31/2007 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sections 93 and 94, read with section 66A of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules to amend the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006, namely :-

1. (1) These rules may be called the Taxation of Services (Provided from Outside India and Received in India) (Amendment) Rules, 2007.

(2) They shall come into force on the 1<sup>st</sup> day of June, 2007.

2. In the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006, in rule 3, in clause (i), for the brackets, letters and word “(zzzh) and (zzzr)”, the brackets, letters and word “(zzzh), (zzzr), (zzzy), (zzzz) and (zzzza)” shall be substituted.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 11/2006-Service Tax, dated the 19<sup>th</sup> April, 2006 and published in the Gazette of India, Extraordinary vide number G.S.R. 227(E), dated the 19<sup>th</sup> April, 2006.

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Notification No. 32/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by sections 93 and 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.— (1) These rules may be called the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007.

(2) They shall come into force with effect from the 1<sup>st</sup> day of June, 2007.

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) “works contract service” means services provided in relation to the execution of a works contract referred to in sub-clause (zzzza) of clause (105) of section 65 of the Act;

(d) words and expressions used in these rules and not defined but defined in the Act shall have the meanings respectively assigned to them in the Act.

3. (1) Notwithstanding anything contained in section 67 of the Act and rule 2A of the Service (Determination of Value) Rules, 2006, the person liable to pay service tax in relation to works contract service shall have the option to discharge his service tax liability on the works contract service provided or to be provided, instead of paying service tax at the rate specified in section 66 of the Act, by paying an amount equivalent to two per cent. of the gross amount charged for the works contract.

*Explanation.-* For the purposes of this rule, gross amount charged for the works contract shall not include Value Added Tax (VAT) or sales tax, as the case may be, paid on transfer of property in goods involved in the execution of the said works contract.

(2) 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.

(3) The provider of taxable service who opts to pay service tax under these rules shall exercise such option in respect of a works contract prior to payment of service tax in respect of the said works contract and the option so exercised shall be applicable for the entire works contract and shall not be withdrawn until the completion of the said works contract.

[F. No. B1/7/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

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