

Tax Hotline

August 02, 2002

NEW SERVICES TO ATTRACT SERVICE TAX IN INDIA FROM AUGUST 16, 2002

Ten new services, such as event management, cable operators, fashion designers, health clubs, insurance auxiliary services and beauty treatment centers will attract 5 per cent service tax from August 16, 2002. The other services, which have been brought under the tax net, are cargo handling, storage and warehousing, rail travel agent and dry cleaners. Though the premium paid on life insurance policies will not attract the service tax, auxiliary insurance services, provided by insurance agents, actuaries, surveyors and loss assessors, will fall under the service tax net.

Cargo-handling services for agricultural produce or goods meant for cold storage have been exempted from service tax. The scope of banking and other financial services has been expanded to include all corporates rendering these services in the service tax net. Hitherto, only banking companies and financial institutions providing these specified services were liable to pay the 5 per cent service tax.

Further, if the service provider is a non-resident or is located abroad without an office in India, the recipient of the service in India would be liable to pay the 5 per cent service tax. Also, the service tax credit rules have been introduced to allow credit for tax paid on input services. The credit may be utilised for payment of tax on the output service falling in the same category of service as that of the input service. This is akin to the VAT ("Value Added Tax") system and is seen to be a move towards introduction of VAT system

Source: *The Economic Times*, August 02, 2002

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Taxing Offshore Indirect Transfers in India

February 28, 2025

Unlocking Corporate Philanthropy

February 27, 2025

Digital Health in India

February 26, 2025

Research Articles

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Arbitration Amendment Bill 2024: A Few Suggestions | Legally Speaking With Tarun Nangia | NewsX

February 12, 2025

What India's Transition to New Data Protection Law Means for Global Businesses

January 23, 2025

India 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 16, 2025
