

### *Negative List (Section 66D) of service tax*

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Section 65B(44) of Finance Act, 1994 states that 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 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.

#### **What is negative list:**

- ❖ A negative list of services implies two things:
  1. a list of services which will not be subject to service tax;
  2. other than the services mentioned in the negative list, all services will be taxable which fall within the definition of 'services'.
- ❖ This is in contrast to earlier method of taxation which has list of taxable services. (Selective Taxation or Positive list).

Negative List comprises 17 heads and has been carefully drawn up, keeping in view the federal nature of India, the best international practices and socio-economic requirements.

- 1) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere-
  - ✓ 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;
  - ✓ services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
  - ✓ transport of goods or passengers; or
  - ✓ support services, other than services covered under clauses (i) to (iii) above, provided to business entities;
- 2) services by the Reserve Bank of India;
- 3) services by a foreign diplomatic mission located in India;
- 4) services relating to agriculture or agricultural produce by way of-
  - ✓ agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;
  - ✓ supply of farm labour;
  - ✓ processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing etc.
  - ✓ renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;
  - ✓ loading, unloading, packing, storage or warehousing of agricultural produce;
  - ✓ agricultural extension services;

- ✓ services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;
- 5) trading of goods;
- 6) any process amounting to manufacture or production of goods;
- 7) selling of space for advertisements in PRINT MEDIA;

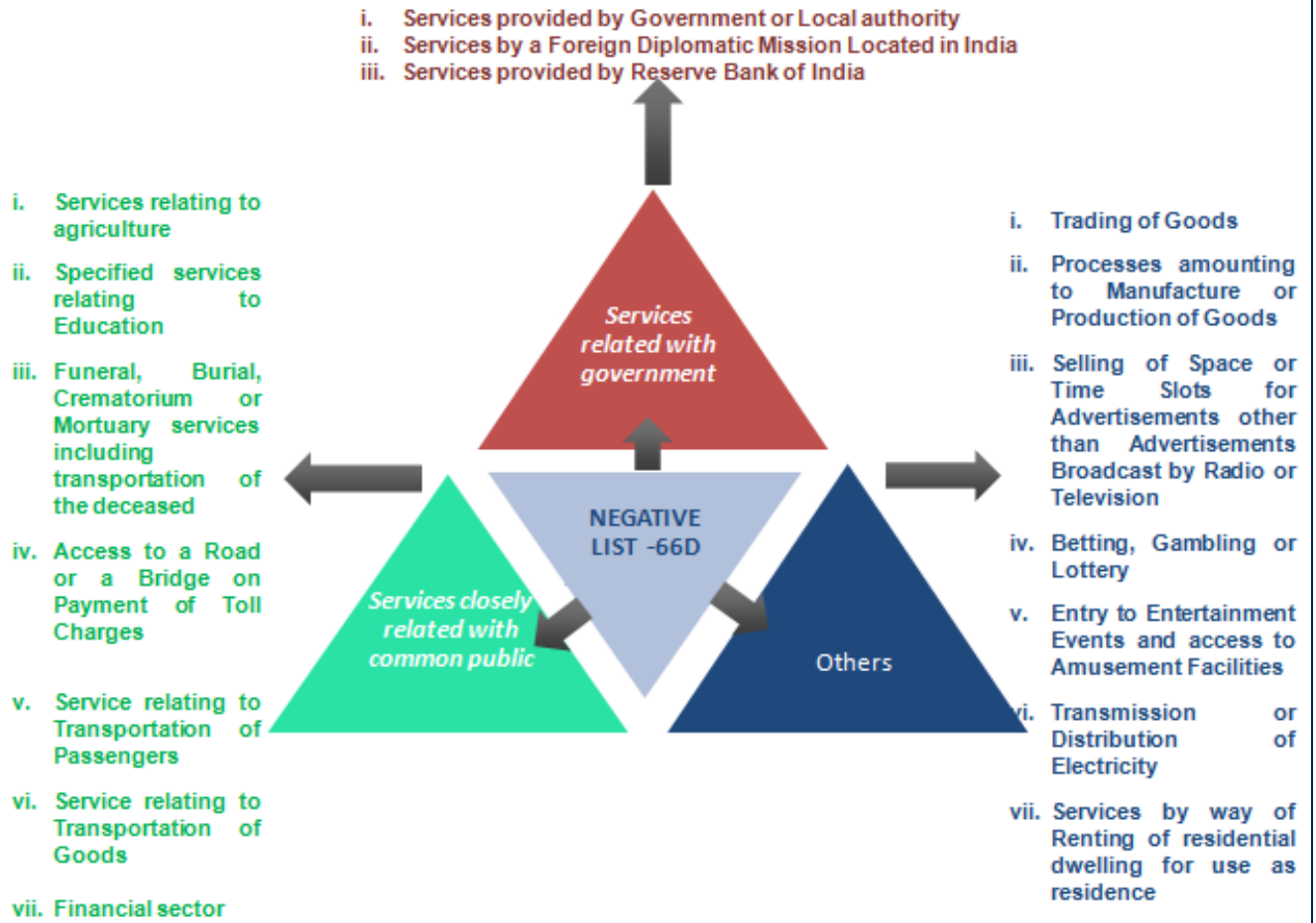
**Note: Amended w.e.f., 1.10.2014 by Finance Act, 2014 (2) "advertisement" means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person;**

- 8) service by way of access to a road or a bridge on payment of toll charges;
- 9) betting, gambling or lottery;
- 10) admission to entertainment events or access to amusement facilities;
- 11) transmission or distribution of electricity by an electricity transmission or distribution utility;
- 12) services by way of-
  - ✓ pre-school education and education up to higher secondary school or equivalent;
  - ✓ education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
  - ✓ education as a part of an approved vocational education course;
- 13) services by way of renting of residential dwelling for use as residence;
- 14) services by way of-
  - ✓ extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount;
  - ✓ inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers;
- 15) service of transportation of passengers, with or without accompanied belongings, by-
  - ✓ a stage carriage;
  - ✓ railways in a class other than-
    - first class; or
    - an air conditioned coach;
  - ✓ metro, monorail or tramway;
  - ✓ inland waterways;
  - ✓ public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
  - ✓ metered cabs or auto rickshaws;

**Note: The word 'radio taxis' omitted w.e.f., 1.10.2014**

- 16) services by way of transportation of goods-
  - ✓ by road except the services of-
    - a goods transportation agency; or
    - a courier agency;
  - ✓ by an aircraft or a vessel from a place outside India to the first customs station of landing in India; or
  - ✓ by inland waterways;
- 17) funeral, burial, crematorium or mortuary services including transportation of the deceased.

### Chart of Negative List



[Nb: Any action in reliance upon the contents of this article by persons or entities arising there from is disclaimed]

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