

Loading and unloading, packing, storage and warehousing of Rice have been exempted from levy with effect from 17 February 2014.

Notification no. 04/2014 dated 17 February 2014 amends the Notification no. 25/2012 dated 20 June 2012 i.e. mega exemption notification by introducing new entry numbered 40 which reads as follows:

“Services by way of loading, unloading, packing, storage or warehousing of rice”

Impact (Refer Circular no. 177/3/2014-ST dated 17 February 2014)

Transportation of Rice, either by rail or vessel or a goods transport agency, was exempt from levy vide entry number 20 (i) and 21 (d) of mega exemption notification. However, loading and unloading, packing, storage and warehousing of Rice were not exempt. Entry 20 (i) and 21 (d) of mega exemption notification read as follows:

“20 Services by way of transportation by rail or a vessel from one place in India to another of the following goods:

Food stuff including flours, tea, coffee, jiggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages;

21 Services provided by a goods transport agency, by way of transport in a goods carriage of:

(d) Food stuff including flours, tea, coffee, jiggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages;”

This was for the reason that Rice was not covered in definition of “agricultural produce”; while Rice was treated as “food stuff”.

By virtue of entry number 40 in mega exemption notification, with effect from 17 February 2014, loading and unloading, packing, storage and warehousing of Rice would also be exempt from Service Tax levy.

Further, milling of paddy into Rice, on job work basis, would continue to be exempted from levy vide entry number 30 (a) of mega exemption notification, which reads as follows:

“30 Carrying out an intermediate production process as job work in relation to:

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Agriculture, printing or textile processing”

Specified services provided by Cord Blood Banks have been exempted from levy with effect from 17 February 2014.

Notification no. 04/2014 dated 17 February 2014 amends the Notification no. 25/2012 dated 20 June 2012 i.e. mega exemption notification by introducing new entry numbered 2A which reads as follows:

“Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation”

The relevant notification and circular is given hereafter:

[TO BE PUBLISHED IN THE GAZETTE OF INDIA,
EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

Notification No. 04/2014 - Service Tax

New Delhi, the 17th February, 2014

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), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.25/2012-Service Tax, dated the 20th June, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), *vide* G.S.R. 467 (E), dated the 20th June, 2012, namely:-

In the said notification, in the opening paragraph,-

(i) after entry 2, the following entry shall be inserted, namely:-

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“2A. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation;”;

(ii) after entry 39, the following entry shall be inserted, namely:-

“40. Services by way of loading, unloading, packing, storage or warehousing of rice.”.

[F.No. 334 /3/ 2014-TRU]

(Akshay Joshi)

Under Secretary to the Government of India

Note.- *The principal notification was published in the Gazette of India, Extraordinary, vide notification No. 25/2012 - Service Tax, dated the 20th June, 2012, number G.S.R. 467 (E), dated the 20th June, 2012 and was last amended by notification No.02/2014 - Service Tax, dated the 30th January, 2014 vide number G.S.R. 71(E), dated the 30th January,2014.*

Circular No.177/03/2014 – ST

F. No.334/03/2014-TRU
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise& Customs
Tax Research Unit

North Block, New Delhi
17th February, 2014

To,

Chief Commissioners of Central Excise and Service Tax (All),
Director General (Service Tax), Director General (Central Excise Intelligence), Director General (Audit),
Commissioners of Service Tax (All),
Commissioners of Central Excise and Service Tax (All).

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Madam/Sir,

Subject: Rice– exemptions from service tax -- regarding.

Doubts have been raised regarding the scope and applicability of various exemptions available to various activities in relation to rice, under the negative list approach. These doubts have been examined and clarifications are given below:

2. These doubts have arisen in the context of definition of 'agricultural produce' available in section 65B(5) of the Finance Act, 1994. The said definition covers 'paddy'; but excludes 'rice'. However, many benefits available to agricultural produce in the negative list [section 66D(d)] have been extended to rice, by way of appropriate entries in the exemption notification.

3. Transportation of rice:

3.1 by a rail or a vessel: Services by way of transportation of food stuff by rail or a vessel from one place in India to another is exempt from service tax vide exemption notification 25/2012-ST dated 20th June, 2012 [entry sl.no.20(i)]; food stuff includes rice.

3.2 by a goods transport agency: Transportation of food stuff by a goods transport agency is exempt from levy of service tax [exemption notification 25/2012-ST dated 20th June, 2012 [entry sl.no.21(d)]; amending notification 3/2013-ST dated 1st March 2013]. Food stuff includes rice.

4. Loading, unloading, packing, storage and warehousing of rice: Exemption has been inserted in the exemption notification 25/2012-ST dated 20th June, 2012 [entry sl.no.40]; amending notification 4/2014-ST dated 17th February 2014 may be referred.

5. Milling of paddy into rice: When paddy is milled into rice, on job work basis, service tax is exempt under sl.no.30 (a) of exemption notification 25/2012-ST dated 20th June, 2012, since such milling of paddy is an intermediate production process in relation to agriculture.

6. Reference may be made to JS, TRU in case of any further doubt. Trade Notice/ Public Notice may be issued. Hindi version to follow.

[S.Jayaprahasam]
Technical Officer, TRU

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