

# Sharing insights

News Alert  
3 July 2013



## Service tax exemption on services received by units located in SEZ and SEZ developers

The Central Board of Excise and Customs (CBEC) has issued a service tax Notification No. 12/2013 on 1 July 2013 to exempt the service tax levied on services received by units located in SEZ and SEZ developers. It is a revamp of the earlier service tax exemption granted under service tax Notification No. 40/2012.

The new scheme grants an up-front exemption of service tax levied on specified services received by the SEZ units and the developer which are *'used exclusively for the authorised operations'*.

Additionally, the refund would be available of service tax paid on specified services that are not exclusively used for authorised operations, or though used exclusively for authorised operation but procured after payment of service tax.

In the erstwhile scheme the up-front exemption was available subject to the condition that the specified services received by the SEZ units and the developers should have been *'wholly consumed'* within the SEZ.

The notification further provides that the service tax pertaining to common services used for authorised operation as well as the domestic tariff area (DTA) operation needs to be distributed as per the rule 7 of CENVAT Credit Rules.

SEZ units with centralised registration can file common refund application. SEZ units and the developers are given the option to use the credit of input services as per the CENVAT credit rules instead of claiming refund.

The new scheme comes into effect from 1 July 2013.

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