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## Service Taxation based on 'Negative List' of services made effective from 01 July 2012

The 'Central board of Excise & Customs' ('CBEC') has come out with a series of notifications to appoint 01 July 2012 as the effective date for service taxation based on the 'Negative list' of services as introduced in the Finance Act, 2012 (refer Service Tax Notification No(s). 18/2012, 19/2012, 20/2012, 21/2012, 22/2012 and 23/2012 all even dated 05 June 2012).

The changes brought in by these notifications are as follows:

### Provisions related to 'Negative list' of services

- The earlier provisions related to classification of services under section 65 and 65A of the Finance Act, 1994 will be inoperative;

- All the services barring 17 services enlisted under section 66D 'Negative list' of services will be liable to service tax;

### Other related provisions

- Exemptions from service tax granted under Notification No. 12/2012 – Service Tax – 17 March 2012 will be operative;
- the new abatement scheme introduced by Notification No. 13/2012 – ST – 17 March 2012 will also come into effect;
- exemption in relation to Research & Development Cess on import of technology granted by Notification No. 14/2012 – ST – 17 March 2012 will be available; and

- the new provisions in relation to payment of service tax on specified services by recipient of services as introduced by Notification No. 15/2012 – ST – 17 March 2012 will also be operative.

### **Conclusion**

This is the final step in the implementation of the 'Negative list' approach to taxation of services.

A related point that remains is the notification of the 'Place of provision of services' rules which will replace the currently applicable export of services rules and import of services rules.

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