

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5789
ANSWERED ON:30.04.2010
SERVICE TAX ON PACKAGED IT SOFTWARE
Nirupam Shri Sanjay Brijkishorilal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is charging any Service Tax on the packaged IT Software;
- (b) if so, the details thereof and the details of VAT/Sales Tax levied on the same alongwith the reasons therefor;
- (c) whether the Government is considering any proposal to amend the existing laws/schedules in this regard; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a)and(b) Yes, Sir. Service tax is charged on certain types of Packaged IT software. However vide Notifications 2/2010-ST and 17/2010-ST both dated 27/02/2010, Packaged IT software pre-packed in retail packages for single use has been exempted from service tax leviable under IT Software Service, subject to specified conditions. Value Added Tax (VAT)/Sales Tax on Packaged IT Software are levied by the State Government under their respective enactments.

(c)&(d) Clarification has been sought by an association of software companies regarding the scope of the notifications 2/2010-ST and 17/2010-ST. The same are being examined.