

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3202
ANSWERED ON:12.08.2010
SERVICE TAX ON AIR TRAVEL
Singh Shri Bhola

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government is contemplating levying service tax on air travel;
- (b) if so, the details thereof;
- (c) whether certain services at the airports have been kept free from service tax;and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) and (b): Yes, Madam. Service tax on air travel has been imposed on international air travel for a passenger embarking in India and travelling in higher (other than economy) classes with effect from 01.05.2006. Vide the Finance Act,2010, Service tax on air travel was expanded to cover international travel (economy class) and domestic travel.The rates of service tax on air travel are as under:

(i) service tax on domestic passenger transport services at the rate of 10% of the gross value or Rs. 100/- per trip, whichever is lower is levied. the journeys to/from airports situated in the states of Assam, Meghalaya, Manipur, Mizoram, Tripura, Nagaland, Arunachal Pradesh, Sikkim and Bagdogra in West Bengal are exempted.

(ii) Air Transport Service to international passenger travelling in economy class and embarking in India at the rate of 10% of the gross value or Rs. 500/- per trip, whichever is lower.

(c) and (d): Yes, Madam. The following services at the airports have been kept free from service tax:

(i) Certain basic activities undertaken within airports have been kept out of the tax such as (a) supply of water, (b) supply of electricity, (c) treatment of persons by a dispensary, hospital, nursing home or multi-spaciality clinic (except cosmetic or plastic surgery service), (d) services provided by a school or centre to provide formal education other then those services provided by commercial coaching or training centre, (e) services provided by fire service agencies,and (f) pollution control services from the whole of the service tax leviable thereon under section 66 of the finance Act.

(ii) Commercial and Industrial construction services in relation to airport.

(iii) Abatements to certain services such as `Renting of a cab`, Erection, Commissioning & Installation Services`, Goods Transport Agency service` and certain construction services would be available when provided wholly within an airport under the new definition of airport services.

(iv) Warehousing of agriculture products and cold storage facilities under `Storage & Warehousing Service Service, transport of export goods in an aircraft by an aircraft operator and site information and clearance, excavation and demolition services etc. when provided in the course of construction of airport.