

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4035
ANSWERED ON:26.08.2011
EXEMPTION OF MANDIS FROM SERVICE TAX
Bajwa Shri Partap Singh

Will the Minister of FINANCE be pleased to state:

- (a) the details of categories of mandis which attract service tax in the country;
- (b) whether any changes have been made in this regard recently;
- (c) if so, the details thereof and reasons therefor, category-wise; and
- (d) the fiscal steps taken or proposed by the Government to relieve mandi owners from tax burden?

Answer

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

- (a) Service Tax is levied not on an entity, such as mandi. It is levied on taxable services mentioned in sub-clauses of clause 105 of section 65 of the Finance Act 1994. Therefore service tax is levied on a prescribed service provided or to be provided, unless specifically exempted.
- (b) No.
- (c) Nil in view of reply above.
- (d) The Government has exempted from service tax the Business Auxiliary service provided by a Commission Agent in relation to sale or purchase of agricultural product vide Notification No. 13/2003 - Service Tax dated 01.07.2003. Also Business Auxiliary service provided by any person in relation to agriculture is exempt from service tax vide Notification No. 14/2004 - Service Tax dated 10.09.2004. Similarly, any service provided for storage of agriculture produce is not chargeable to service tax under Storage and Warehousing Service [Section 65 (102) read with Section 65 (105) (zza) of the Finance Act, 1994].