

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2866

ANSWERED ON:29.08.2012

SERVICE TAX

Hegde Shri Anant Kumar; Roy Shri Arjun

Will the Minister of FINANCE be pleased to state:

- (a) whether a number of services has been brought under the cover of service tax recently;
- (b) if so, the reaction of the Government in this regard;
- (c) whether any assessment has been made about this excess economic burden;
- (d) if so, the per capita economic burden as per this assessment and whether the Government proposes to provide relief to common people (Consumer) in this regard; and
- (e) if so, the details thereof?

Answer

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

(a) and (b): Sir, comprehensive approach to taxation of services has been introduced, with effect from the first day of July, 2012, due to which more services will come under service tax in the country.

(c), (d) and (e): Impact of service tax levy on the economy is a complex phenomenon which depends on interplay of a number of dynamic factors; whether the levy would become a burden, depends on the type of service used by the consumer and the extent to which the incidence of the tax is passed on to him by the service provider. Hence, it is not possible to make a finite assessment of the impact of service tax levy on the economy and the consumer. To protect the common man from tax burden, services specified in the negative list (section 66D of the Finance Act, 1994) including services pertaining to agriculture, education, transport ordinarily used by the common man are excluded from levy of service tax; in addition, number of services including health services and construction of infrastructure assets are exempted from service tax. Services provided by small service providers are exempted from the levy of service tax upto an aggregate value of rupees ten lakh, subject to conditions. In view of the above, there is no proposal at this stage, to provide any further relief.