

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

UNSTARRED QUESTION NO:58

ANSWERED ON:22.11.2012

SERVICE TAX ON TRAIN AND FREIGHT FARES

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the Railways have raised the fares of air-conditioned class with levying of service tax on each passenger tickets and freight services;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the collection of service tax will be used for safety and development of the Railways; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI ADHIR RANJAN CHOWDHURY)

(a) & (b) While basic passenger fare and freight were not raised in pursuance of Ministry of Finance notifications of 2012, Service tax is being levied @ 3.708% on passenger tickets w.e.f 1.10.2012 in the following classes:

- (i) AC First Class.
- (ii) Executive Class.
- (iii) AC-2 tier Class.
- (iv) AC-3 tier class.
- (v) AC Chair Car Class.
- (vi) AC Economy Class.
- (vii) First Class.

Service tax @ 3.708% is also being levied on all goods traffic transported by rail except those commodities specially exempted vide Ministry of Finance's Notification No. 25 of 2012 with effect from 01.10.2012

(c) & (d) As per service tax Rules, the tax collected shall be paid to the credit of the Central Government. End use of the proceeds of service tax is the prerogative of the Central Government.