

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4156
ANSWERED ON:22.03.2013
LIC HOME LOAN CHARGES S
Mithlesh Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the home loan agents operating as Association of two persons comprising himself and Life Insurance Corporation-Housing Finance Limited (LIC-HFL) are required to obtain service tax number and pay service tax on the common service i.e. providing home loan to the customers;
- (b) if so, the details thereof;
- (c) whether service tax can be charged for the common service provided by two persons as stated above;
- (d) if so, the details thereof and the reasons therefor;
- (e) whether LIC-HFL charges fee with service reimbursed to home loan agents in lieu of their assistance provided to LIC-HFL for processing of the applications of customers;
- (f) if so, the details thereof and the reasons therefor;
- (g) whether the Government has accrued any additional benefits by imposing the service tax on such agents; and
- (h) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): Any service by way of extending loans in so far as the consideration is represented by way of interest or discount is in the negative list of services and therefore, not taxable. Any charges or amount collected over and above the interest or discount, including the processing or administrative charges in connection with loan is liable to service tax. Any person providing such taxable service, including association of persons, is required to take service tax registration number for payment of service tax.

As per LICHFL, their Home Loan Agents are required to obtain Service Tax Number and claim reimbursement of the service tax paid by them

(e)&(f): LICHFL do not charge any fees on service reimbursed to Home Loan Agents in lieu of their assistance provided to LICHFL for processing of the applications of customers.

(g)&(h): Service tax paid by the agents contributes to the revenue. It is not feasible to furnish quantified data relating to revenue as separate detail of service tax paid by such agents is not maintained.