



RJA

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Export of service – Service Tax

The taxable services, which are exported, are exempted from service tax. According to the rule 6A of Service Tax Rules (Export of Services), 1994, any service provided or agreed to be provided is considered as export of service subject to the following conditions:

The provision of any service provided or agreed to be provided shall be treated as export of service when

- a. the provider of service is located in the taxable territory
- b. the recipient of service is located outside India
- c. the service is not a service specified in the section 66D of the Act
- d. the place of provision of the service is outside India
- e. the payment for such service has been received by the provider of service in convertible foreign exchange; and
- f. the provider of service and recipient of service are not merely establishment of a distinct person in accordance with item (b) of Explanation 2 of clause (44) of section 65B of the Act.

Condition 1: Taxable Territory

The provider should be located in the taxable territory. Taxable territory means any place in India except the state of Jammu and Kashmir.

Condition 2: Location of the Recipient

The recipient who receives the services should be located outside India.

Condition 3: Negative List of Services

The provided or agreed to be provided services should not be listed in the Negative List of Services as per the section 66D of the Service Tax Act. No service tax is levied on services listed in the Negative List.

Condition 4: Place of Provision

Place of provision of service should be outside India. Place of provision is determined according to the Place of Provision of Services Rules, 2012 vide Notification

No.25/2012 Service Tax dated 20th June 2012. Place of provision, in general, is the location of the recipient of service.

Condition 5: Payment for the service

Payment for the service should be in convertible foreign exchange. The payment received by the service provider for such services should be in foreign currency that can be convertible for another currency.

Condition 6: Branch or Agency

If the service receiver is a branch or agency or representational office of the service provider, such service is not considered as export of service. For example, if 'A' is a service provider located in India, providing services to its branch office located in London, and then such services do not come under the definition of Export of Service.

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