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Notifications granting exemption from levy of Service Tax

The Central Government has issued various notifications granting exemption from the levy of Service Tax to certain taxable services. The exemptions granted are summarized below:

Exemption to Services Provided by a Sub-broker¹

The Central Government has issued a notification granting exemption from Service Tax under Business Auxiliary Services to the taxable services provided by a sub-broker to a stockbroker in relation to the sale or purchase of securities listed on a registered stock exchange. This notification has been issued as an enabling notification to implement the clarification made in the Letter No. D.O.F. No.334/13/2009-TRU dated 6th July, 2009 issued by the Tax Research Unit at the time of the introduction of the Finance (No.2) Bill, 2009, wherein it was clarified that sub-brokers would not be subjected to the levy of Service Tax as commission agents under Business Auxiliary Services.

Exemption to Services in relation to Manufacture of Pharmaceutical Products²

Full exemption from Service Tax has been granted to the taxable services covered under Business Auxiliary Services, in relation to the manufacture of pharmaceutical products, medicines, perfumery, cosmetics or toilet preparations containing alcohol, which are charged to Excise Duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955.

Exemption to Services of Transport of Goods by Government Railways³

Exemption from Service Tax has been granted to all the taxable services rendered by the Government Railway in relation to the transport of goods by rail. With this Notification, the amendment sought to be introduced by the Finance (No.2) Act, 2009 to bring all services in relation to transport of goods by rail in any manner within the purview of Service Tax has been set aside.

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Source:

1. *Notification No. 31/2009-Service Tax dated 1st September 2009.*
2. *Notification No. 32/2009-Service Tax dated 1st September 2009.*
3. *Notification No. 33/2009-Service Tax dated 1st September 2009.*

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