

## **Service Tax Updates for April 2009**

### **Clarifications through Circular:**

- 1. Transportation of student by schools- not liable to service tax**  
Hiring of cabs by School from out side has been specifically excluded from the scope of taxable services. Now it is clarified that activity of schools to transport children from & back to the school on the cabs owned & run by the schools do not fall in the category of rent a cab operator. Therefore activity of transportation by schools of the school children on the cabs hired or owned by the school does not attract service tax. (Board letter F.No. 137/70/2007-Cx.4 (Pt) dated 15.12.2008)
  
- 2. Business Auxiliary services – Commission received by directors is not liable to service tax:**  
So long as the activities performed are duties within the frame work of terms of employment, the amount paid by an employer to employee, even if termed as commission, would not be treated as commission mentioned under the definition of Business auxiliary service & the service tax would not be leviable on such amount.

### **Case Laws:**

- 3. Ahmedabad Management Association Vs CST, Ahmedabad {[2009] 19 STT 1 (AHD. - CESTAT)}**  
**Facts:** Appellant was an association of professional members and organizers including trade and industries.  
**Issue:** Service tax was demanded from it on membership fee and other amounts collected from members under category of 'Club or association service'.  
**Decision:** Membership subscription of club is not liable to service tax when it is paid without any return benefit.
  
- 4. CCE, Vadodara Vs Chandan Metal Products Pvt Ltd. {[2009] 19 STT 18 (AHD. - CESTAT)}**  
**Facts:** Respondent was engaged in manufacture of steel furniture. It had given its advice to rearrange furniture in office premises of its customer to save space and charged accordingly.  
**Issue:** For this activity, service tax was demanded from it under category of 'Interior decorator'.  
**Decision:** The advice to a customer to re arrange furniture is not a taxable service under the category of interior decorator service.