



The Institute of

Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

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CS UPDATE

May 31, 2007

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Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.

MCA UPDATES

- A new version of e-form 32 w.e.f. 3rd June, 2007

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May 31, 2007

Updated e-forms

The new version of e-form 32 would be available on the website of Ministry of Corporate Affairs (MCA) from June 03, 2007. In this regard, the following announcement is appearing at the website of MCA (www.mca.gov.in):

'A new version of form 32 will be available on the portal effective June 03, 2007 (6.00 AM). All stakeholders are requested to use the new version w.e.f. June 03, 2007 as the current version of form 32 will be discontinued.'

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CAPITAL MARKET UPDATES

- **Amendments to SEBI (DIP) Guidelines, 2000**
- **Introduction of futures and options contracts on CNX 100 & CNX NIFTY JUNIOR Indices**
- **Names & Contact information of Investors Associations recognised by SEBI as on May 22, 2007**

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SEBI/CFD/DIL/DIP/26/2007/24/5

May 24, 2007

To All Registered Merchant Bankers / Stock Exchanges

Dear Sirs,

Sub.: Amendments to SEBI (Disclosure and Investor Protection) Guidelines, 2000.

1. SEBI had recently amended the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred as "the Guidelines"), vide circular no. SEBI/CFD/DIL/DIP/25/2007/30/4 dated April 30, 2007.

2. In the circular, the words "where the aggregate value of such securities, including premium, if any, exceeds Rs. 50 lacs," were inadvertently omitted in the opening para of the amended clause 2.1.2 of the Guidelines. The said opening para, after inclusion of the aforementioned omitted words, reads as under:

"No listed issuer company shall make any rights issue of securities, where the aggregate value of such securities, including premium, if any, exceeds Rs. 50 lacs, unless a draft letter of offer has been filed with the Board, through a Merchant Banker, at least 30 days prior to the filing of the letter of offer with the Designated Stock Exchange (DSE)."

3. This circular, as well as the circular dated April 30, 2007, is available on SEBI website at www.sebi.gov.in under the category "Legal Framework". The entire text of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, including the clarification issued vide this circular, is available on the SEBI website under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

Neelam Bhardwaj
Deputy General Manager
Corporation Finance Department
Division of Issues and Listing

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NATIONAL STOCK EXCHANGE OF INDIA LIMITED

FUTURES & OPTIONS SEGMENT

CIRCULAR

Date: May 18, 2007

Circular No. NSE/F&O/034/2007

Download No: NSE/F&O/8918

Dear Members,

Introduction of futures and options contracts on

CNX 100 & CNX NIFTY JUNIOR Indices

Members are advised to note that with reference to SEBI circular SEBI/DNPD/CIR-26/2004/07/16 dated July 16, 2004 and approval received from SEBI, futures and options contracts will be introduced on CNX NIFTY JUNIOR (JRNIFTY) and CNX 100 (CNX100) indices for trading in F&O segment w.e.f. June 1, 2007.

The new contracts will be available for trading from Friday, June 1, 2007. Members are requested to take the latest contract.gz, security.gz and fo_participant.gz files from NSE EXTRANET, directory:/faoftp/faocommon before commencing trading on June 1, 2007. A detailed list of new contracts introduced for trading (file name:CONTRACT31052007.xls) will be available on the path faoftp/faocommon/Contracts on May 31, 2007 after market hours.

The market lot and other details of JRNIFTY & CNX100 would be informed to members separately through a circular on May 31, 2007.

For any clarifications, members are advised to contact the following officials:

Mr. Janardhan Gujuran , Mr. Arvind Goyal and Mr. Sachin Dhar at 26598151 / 26598152.

**For and on behalf of
National Stock Exchange of India Limited**

**Suprabhat Lala
Asst. Vice President (F & O Trade)**

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**Names and contact information of Investors' Associations recognized by
SEBI as on May 22, 2007**

Sr. No.	Name and Address	Contact Information	Validity of Recognition upto
1.	Consumer Education and Research Society "Surakshasankool Thaltej", Ahmedabad - Gandhinagar Highway, Ahmedabad- 380 054	☎ 079- 27489945-46, 27450528,30121001-2-3 Fax:079-27489947 Email: cerc@cercindia.org Website : www.cercindia.org Contact Person-Shri Dinesh Shah	January 22,2009
2.	Consumer Unity & Trust Society D-217, Bhaskar Marg, Bani Park, Jaipur - 302 016	☎ 0141-2282821 Fax: 0141-2282485 Email: cuts@cuts.org website: www.cuts-international.org Contact Person-Shri Deepak Saxena	May 21, 2008
3.	Investor Education and Welfare Association (Formerly Ghatkopar Investors Welfare Association) 8, Neem Chhaya, Mahatma Gandhi Road, Ghatkopar (E), Mumbai-400 077.	☎ 022-25163349 Contact Person-Shri Prakash Shah	February 05, 2008
4.	Investors Grievances Forum 9/C, Neelam Nagar, Mulund (E) Mumbai 400 081	☎ 022- 25644151 Fax: 022- 25647432 Email: igfmumbai@vsnl.net Website: http://igfindia.org Contact Person-Shri S.Vedula	January 31,2010
5.	Midas Touch Investors Association Agarwala Building, The Mall Kanpur 208 004	☎ 0512-2304844, 2304854 Email : midas@sancharnet.in Contact person- Shri Virendra Jain	January 22, 2008
6.	Tamilnadu Investors Association B-3, III Floor , AJ-97 9 th Main Road, Anna Nagar, Chennai 600 040	☎ 044 - 28312538 Fax - 28312539 Email: aish@md3.vsnl.net.in Contact Person-Shri A.K.Narayan	May 27, 2009

7.	The Gujarat Investors & Shareholders Association C/o G.N.G. Investment Ltd. 2nd Floor, Classic Chambers Near Navrangpura Post office Navrangpura Ahmedabad – 380 009	☎ 079-26447712 Fax- 079-26568967 Contact Person-Shri Chinubhai Shah	April 20, 2010
8.	Rajkot Sahar/Jilla Grahak Suraksha Mandal 329, Popatbhai Sorathia Bhavan, Sadar Bazar, Rajkot,Gujarat -360 001	☎ : 0281-2471122 – 2691329 Fax – 0281 -2471122 Email: mavaniramb@sancharnet.in Contact Person-Smt. Ramaben Mavani	August 17,2007
9.	Kolhapur Investors' Association 1031/K/2 'E' Ward Sterling Tower, Gavati Mandai Road, Kolhapur – 416 001	☎ 0231-2667727, 2538893 Email: kia1@sancharnet.in Contact Person-Shri Srinivas Pandit	September 20, 2008
10.	Society for Consumers' And Investors' Protection 118,2 nd Floor ,DDA Site No.1, New Rajinder Nagar, New Delhi-110060.	☎ 011-28744789,20544692,45082832. Fax -011-28744789, 20544692. Email: scipindia@yahoo.com Contact Person-Dr G.S.Sood	February 06, 2010
11.	Karimpur Social Welfare Society 1 No., Tarakdas Road ,PO Karimpur, District Nadia, West Bengal. Pin-741 152.	☎ 03471- 255 060. Contact Person-Shri Ashok Kumar Sarkar.	May 02, 2010.
12.	The Bombay Shareholders' Association 56,3 rd Floor ,Bhupen Chambers, 9,Dalal Street, Fort, Mumbai-400 023.	☎ 022-22674885. Fax – 022-22674885. Contact person-Shri A.P. Bakliwal	May 25, 2010
13.	Federation of Consumer Associations, West Bengal Premlata,39.Shakespeare Sarani, 7 th floor, Kolkata - 700 017.	☎ &Fax- 033-22805927. E-mail: fcawb@cal2.vsnl.net.in Website- www.fedconassowb.org Contact Person –Smt. Mala Banerjee	June 13, 2010.
14.	Orissa Consumers' Association, Debajyoti Upovokta Kalyan Bhaban, Bishwanath Lane, Cuttack, Orissa-753002.	☎ 0671-2368644 E-mail- knj1345@rediffmail.com Contact person-Shri K.N.Jena	September 13, 2007

15.	Ganga Jamuna, Samachar Sadan, 21, Gagan Vihar, Delhi-110 051.	☎ 011-22549906 Contact Person-Dr R.S.Santoshi	October 03, 2007
16.	Mizoram Consumers' Union 5 th Floor, Lalat Chamber, Temple Square, Tuikual 'S', Near SBI Main Branch, Aizawl, Mizoram-796001.	☎ 0389-2311514 E-mail-mizoconsumer@yahoo.com Website- www.mizoconsumer.org Contact person- Shri Thanglura	December 12,2007
17.	Consumer Association of Pondicherry M.I.G.15,Housing Board, Kurumbapet, Pondicherry-605 009.	☎ (0413) 2271429 E-mail-muthu_con@satyam.net.in Contact person- Shri P. Muthukrishnan	February 06,2008
18.	All Gujarat Investor Protection Trust Krishna Complex, Basement, Near Choice Restaurant ,C.G.Road, Ahmedabad-380009.	☎ 079-30080881 E-mail- info@aqipt.org Website: www.aqipt.org Contact person: Shri Hemantsingh Jhala	February 06,2008

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BANKING UPDATES

- **ECB – End-use and All-in-Cost ceilings – Revised**
- **Interest rate on non-Resident (External) Rupee (NRE) Deposits**

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RBI/2006-2007/409
A. P. (DIR Series) Circular No. 60

May 21, 2007

To

All Category – I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) – End-use and All-in-cost ceilings - Revised

Attention of Authorised Dealers Category - I (AD Category – I) banks is invited to the [A. P. \(DIR Series\) Circular No.5 dated August 1, 2005](#) on External Commercial Borrowings (ECB). A review of the ECB guidelines has been undertaken keeping in view the current macroeconomic situation and the experience gained so far by the Reserve Bank in administering the ECB policy.

2. Based on the review, the ECB policy is modified as indicated below:

2. (a) **End-use** - As per the extant ECB policy, utilisation of ECB proceeds is not permitted in real estate. The term 'real estate' excludes development of integrated township as defined by Press Note 3 (2002 Series) dated January 4, 2002. It has now been decided to withdraw the exemption accorded to the 'development of integrated township' as a permissible end-use of ECB. Accordingly, utilisation of ECB proceeds is not permissible in real estate, without any exemption.

2. (b) **All-in-cost ceilings** - With the sovereign credit ratings of India enhanced to investment grade, the all-in-cost ceilings for ECB are modified as follows:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR*	
	Existing	Revised
Three years and up to five years	200 basis points	150 basis points
More than five years	350 basis points	250 basis points

* for the respective currency of borrowing or applicable benchmark.

3. The above changes will apply to ECB both under the automatic route as well as approval route with immediate effect and is subject to review.

May 31, 2007

4. Necessary amendments to Notification No. FEMA 3/2000-RB dated 3rd May 2000 [Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000] are being issued separately.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. The directions contained in this circular have been issued under Section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager

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May 31, 2007

RBI/2006-2007/351

RPCD.CO.RF.BC.No.79/07.38.01/2006-07

April 26, 2007

All State Co-operative Banks (StCBs) and
District Central Co-operative Banks (DCCBs)

Dear Sir,

Interest Rate on Non-Resident (External) Rupee (NRE) Deposits

Please refer to our Circular RPCD.CO.RF.BC.No.44/07.38.01/2006-07 dated February 6, 2007 on Interest Rate on NRE Rupee Deposits. In the Annual Policy Statement for the year 2007-08, announced on April 24, 2007 (extract of paragraphs 114, 115 and 116 enclosed), it has been decided that until further notice and with effect from close of business in India as on April 24, 2007, the interest rate on Non-Resident (External) Rupee (NRE) Term Deposits will be as under:

The interest rate on fresh Non-Resident (External) Rupee (NRE) Term deposits for one to three years' maturity should not exceed the LIBOR/SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR / SWAP rates plus 50 basis points effective from close of business on January 31, 2007). The interest rate as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The change in interest rate will also apply to NRE deposits renewed after their present maturity period.

2. The other instructions as contained in our Circular RPCD.No.RF.Dir.BC 54/D.1-87/88 dated November 2, 1987 shall remain unchanged. An amending directive RPCD.CO.RF.BC.Dir.No.78/07.38.01/2006-07 dated April 26, 2007 is enclosed.

Yours faithfully,

(C.S.Murthy)
Chief General Manager-in-Charge

Paragraphs 114, 115, 116 of the Annual Policy Statement for the year 2007- 08**Interest Rate Prescriptions**

114. In the context of large capital inflows and implications for liquidity and monetary management, there is a need to review the interest rate prescriptions related to NRI deposits, viz., foreign currency non-resident (banks) (FCNR(B)) deposits and Non-Resident (External) Rupee Account (NR(E)RA) deposits, especially in the light of inflation and interest rate differentials between India and the rest of the world. In this context, the following measures are proposed:

(a) Interest Rates on FCNR (B) Deposits

115. Currently, the interest rate ceiling on FCNR (B) deposits of all maturities has been fixed at LIBOR/SWAP rates for the corresponding maturities minus 25 basis points for the respective foreign currencies. In view of the prevailing monetary conditions, it is proposed:

- to reduce, with immediate effect, the interest rate ceiling on FCNR (B) deposits by 50 basis points, i.e., to Libor minus 75 basis points.

(b) Interest Rate on NR(E)RA Deposits

116. Currently, the interest rate ceiling on NR(E)RA for one to three years maturity should not exceed 50 basis points above LIBOR/SWAP rates for US dollar of corresponding maturity. In view of the prevailing monetary conditions, it is proposed:

- to reduce, with immediate effect, the interest rate ceiling on NR(E)RA deposits by 50 basis points, i.e., to LIBOR/SWAP rates.

April 26, 2007**Interest Rate on Non-Resident (External) Rupee (NRE) Deposits**

In exercise of the powers conferred by Section 35 A of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and in partial modification of Directive RPCD No.Dir.BC.53/D.1-87/88 dated November 2, 1987, as amended from time to time, on Interest Rates on Deposits, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby directs undernoted changes in the interest rates on Non-Resident (External) Rupee (NRE) deposits:

"With effect from close of business as on April 24, 2007, the interest rates on fresh Non-Resident (External) Rupee (NRE) Term deposits for one to three years' maturity should not exceed the LIBOR /SWAP rates, as on the last working day of the previous month, for US dollar of corresponding maturities (as against LIBOR /SWAP rates plus 50 basis points effective from close of business on January 31, 2007). The interest rates as determined above for three year deposits will also be applicable in case the maturity period exceeds three years. The changes in interest rates will also apply to NRE deposits renewed after their present maturity period."

(V.S.Das)
Executive Director

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TAX LAW UPDATES

- 1st June, 2007 – Effective date for Sec. 135 of the Finance Act, 2007
- Service Tax exemption on renting of immovable property
- Service Tax exemption on commercial or industrial construction service
- Service Tax (Fourth Amendment) Rules, 2007
- Service Tax (Determination of Value) (Amendment) Rules, 2007
- Export of Services (Second Amendment) Rules, 2007
- Taxation of Services (Provided from outside India and Received in India) Rules, 2006
- Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 23/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by clause (A) and clause (B) of section 135 of the Finance Act, 2007 (22 of 2007), the Central Government hereby appoints the 1st day of June, 2007, as the date on which the provisions of the said clauses of section 135 of the Finance Act, 2007 (22 of 2007) shall come into force.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

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[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 24/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service of renting of immovable property, referred to in sub-clause (zzzz) of clause (105) of section 65 of the Finance Act, from so much of the service tax leviable thereon as is in excess of the service tax calculated on a value which is equivalent to the gross amount charged for renting of such immovable property less taxes on such property, namely property tax levied and collected by local bodies:

Provided that any amount such as interest, penalty paid to the local authority by the service provider on account of delayed payment of property tax or any other reasons shall not be treated as property tax for the purposes of deduction from the gross amount charged:

Provided further that wherever the period for which property tax paid is different from the period for which service tax is paid, property tax proportionate to the period for which service tax is paid shall be calculated and the amount so calculated shall be excluded from the gross amount charged for renting of the immovable property for the said period, for the purposes of levy of service tax.

Example:

Property tax paid for April to September	= Rs. 12,000/-
Rent received for April	= Rs. 1,00,000/-
Service tax payable for April	= Rs. 98,000/- (1,00,000–2,000) *
applicable rate of service tax	

2. This notification shall come into force on the 1st day of June, 2007.

[F. No. B1/5/2007-TRU]

(G.G. Pai)
Under Secretary to the Government of India

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[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 25/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts commercial or industrial construction service, referred to in sub-clause (zzq) of clause (105) of section 65 of the Finance Act, and services provided in relation to the execution of works contract, referred to in sub-clause (zzzza) of clause (105) of section 65 of the Finance Act, provided to any person by any other person in relation to construction of port or other port, from the whole of the service tax leviable thereon under section 66 of the Finance Act.

Explanation.— For the purposes of this notification, it is hereby declared that,-

- (i) commercial or industrial construction service or services provided in relation to the execution of works contract in relation to construction of port or other port shall not include services of completion and finishing, repair, alteration, renovation, restoration, maintenance or repair provided in relation to existing port or other port; and
 - (ii) “port” and “other port” have the meanings respectively assigned to them in clauses (81) and (76) of section 65 of the Finance Act.
2. This notification shall come into force on the 1st day of June, 2007.

[F. No. B1/5/2007-TRU]

(G.G. Pai)
Under Secretary to the Government of India

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 28/2007 – Service Tax

G.S.R. (E).— In exercise of the powers conferred by sub-sections (1) and (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax Rules, 1994, namely :-

1. (1) These rules may be called the Service Tax (Fourth Amendment) Rules, 2007.
(2) They shall come into force on the 1st day of June, 2007.
2. In the Service Tax Rules, 1994 (hereinafter referred to as the said rules), in rule 2, in sub-rule (1), in clause (d), in sub-clause (i), for the words “a telephone connection or pager or a communication through telegraph or telex or a facsimile communication or a leased circuit”, the words “telecommunication service” shall be substituted.
3. In the said rules, in rule 6, after sub-rule (4B), the following sub-rule shall be inserted, namely:-
“4C. Notwithstanding anything contained in sub-rules (4), (4A) and (4B), where the person liable to pay service tax in respect of services provided or to be provided in relation to renting of immovable property, referred to in sub-clause (zzzz) of clause (105) of section 65 of the Act, has paid to the credit of Central Government any amount in excess of the amount required to be paid towards service tax liability for a month or quarter, as the case may be, on account of non-availment of deduction of property tax paid in terms of notification No.24/2007-Service Tax, dated the 22nd May, 2007, from the gross amount charged for renting of the immovable property for the said period at the time of payment of service tax, the assessee may adjust such excess amount paid by him against his service tax liability within one year from the date of payment of such property tax. The details of such adjustment shall be intimated to the Superintendent of Central Excise having jurisdiction over the service provider within a period of fifteen days from the date of such adjustment.”

[F. No. B1/5/2007-TRU]

(G.G. Pai)
Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 2/94-Service Tax, dated the 28th June 1994 and published in the Gazette of India, Extraordinary vide number G.S.R.546 (E), dated the 28th June 1994 and were last amended vide notification No. 20/2007-Service Tax, dated the 12th May, 2007 vide G.S.R. 349(E), dated the 12th May, 2007.

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 29/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by clause (aa) of sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Service Tax (Determination of Value) Rules, 2006, namely:-

1. (1) These rules may be called the Service Tax (Determination of Value) (Amendment) Rules, 2007.
(2) They shall come into force with effect from the 1st day of June, 2007.
2. In the Service Tax (Determination of Value) Rules, 2006, after rule 2, the following rule shall be inserted, namely:-
“2A. Determination of value of services involved in the execution of a works contract:
(1) Subject to the provisions of section 67, the value of taxable service in relation to services involved in the execution of a works contract (hereinafter referred to as works contract service), referred to in sub-clause (zzzza) of clause (105) of section 65 of the Act, shall be determined by the service provider in the following manner:-
(i) Value of works contract service determined shall be equivalent to the gross amount charged for the works contract less the value of transfer of property in goods involved in the execution of the said works contract.

Explanation.- For the purposes of this rule,-

- (a) gross amount charged for the works contract shall not include Value Added Tax (VAT) or sales tax, as the case may be, paid, if any, on transfer of property in goods involved in the execution of the said works contract;
- (b) value of works contract service shall include,-
 - (i) labour charges for execution of the works;
 - (ii) amount paid to a sub-contractor for labour and services;
 - (iii) charges for planning, designing and architect's fees;

- (iv) charges for obtaining on hire or otherwise, machinery and tools used for the execution of the works contract;
- (v) cost of consumables such as water, electricity, fuel, used in the execution of the works contract;
- (vi) cost of establishment of the contractor relating to supply of labour and services;
- (vii) other similar expenses relating to supply of labour and services; and
- (viii) profit earned by the service provider relating to supply of labour and services;

(ii) Where Value Added Tax or sales tax, as the case may be, has been paid on the actual value of transfer of property in goods involved in the execution of the works contract, then such value adopted for the purposes of payment of Value Added Tax or sales tax, as the case may be, shall be taken as the value of transfer of property in goods involved in the execution of the said works contract for determining the value of works contract service under clause (i).

[F. No. B1/7/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note: The principal rules were published in the Gazette of India, Extraordinary vide notification No. 12/2006-Service Tax, dated the 19th April, 2006, vide number G.S.R. 228 (E), dated the 19th April, 2006, and were last amended vide notification No. 24/2006-Service Tax, dated the 27th June, 2006, vide number G.S.R. 383(E), dated the 27th June, 2006.

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 30/2007 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sections 93 and 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Export of Services Rules, 2005, namely :-

1. (1) These rules may be called the Export of Services (Second Amendment) Rules, 2007.

(2) They shall come into force on the 1st day of June, 2007.

2. In the Export of Services Rules, 2005, in rule 3,-

(i) in sub-rule (1), in clause (i), for the brackets, letters and word “(zzzh) and (zzzr)”, the brackets, letters and word “(zzzh), (zzzr), (zzzy), (zzzz) and (zzzza)” shall be substituted;

(ii) in sub-rule (2), in clause (b), the words “provided outside India” shall be omitted.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 9/2005-Service Tax, dated the 3rd March 2005 and published in the Gazette of India, Extraordinary vide number G.S.R. 151(E), dated the 3rd March 2005 and were last amended vide notification No. 2/2007-Service Tax, dated the 1st March, 2007 vide number G.S.R. 156(E), dated the 1st March, 2007.

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[TO BE PUBLISHED IN THE GAZZETE OF INDIA, EXTRAORDINARY,
PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 31/2007 – Service Tax

G.S.R. (E).- In exercise of the powers conferred by sections 93 and 94, read with section 66A of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules to amend the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006, namely :-

1. (1) These rules may be called the Taxation of Services (Provided from Outside India and Received in India) (Amendment) Rules, 2007.

(2) They shall come into force on the 1st day of June, 2007.

2. In the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006, in rule 3, in clause (i), for the brackets, letters and word “(zzzh) and (zzzr)”, the brackets, letters and word “(zzzh), (zzzr), (zzzy), (zzzz) and (zzzza)” shall be substituted.

[F. No. B1/16/2007-TRU]

(G.G. Pai)

Under Secretary to the Government of India

Note.- The principal rules were notified vide notification no. 11/2006-Service Tax, dated the 19th April, 2006 and published in the Gazette of India, Extraordinary vide number G.S.R. 227(E), dated the 19th April, 2006.

BACK

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

New Delhi, the 22nd May, 2007
1 Jyaistha, 1929 (Saka)

Notification No. 32/2007-Service Tax

G.S.R. (E).— In exercise of the powers conferred by sections 93 and 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.— (1) These rules may be called the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007.
(2) They shall come into force with effect from the 1st day of June, 2007.

2. Definitions.— In these rules, unless the context otherwise requires,-

- (a) "Act" means the Finance Act, 1994 (32 of 1994);
- (b) "section" means the section of the Act;
- (c) "works contract service" means services provided in relation to the execution of a works contract referred to in sub-clause (zzzza) of clause (105) of section 65 of the Act;
- (d) words and expressions used in these rules and not defined but defined in the Act shall have the meanings respectively assigned to them in the Act.

3. (1) Notwithstanding anything contained in section 67 of the Act and rule 2A of the Service (Determination of Value) Rules, 2006, the person liable to pay service tax in relation to works contract service shall have the option to discharge his service tax liability on the works contract service provided or to be provided, instead of paying service tax at the rate specified in section 66 of the Act, by paying an amount equivalent to two per cent. of the gross amount charged for the works contract.

Explanation.- For the purposes of this rule, gross amount charged for the works contract shall not include Value Added Tax (VAT) or sales tax, as the case may be, paid on transfer of property in goods involved in the execution of the said works contract.

(2) The provider of taxable service shall not take CENVAT credit of duties or cess paid on any inputs, used in or in relation to the said works contract, under the provisions of CENVAT Credit Rules, 2004.

(3) The provider of taxable service who opts to pay service tax under these rules shall exercise such option in respect of a works contract prior to payment of service tax in respect of the said works contract and the option so exercised shall be applicable for the entire works contract and shall not be withdrawn until the completion of the said works contract.

[F. No. B1/7/2007-TRU]

(G.G. Pai)
Under Secretary to the Government of India

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