

**F. No.334/04/2018-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)**

Amitabh Kumar
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**D.O.F. No. 334/04/2018-TRU
New Delhi, dated February 1st, 2018**

Dear Madam/Sir,

Subject: Union Budget 2018 - Changes in Service Tax - reg.

The Finance Minister has, while presenting the Union Budget 2018-19, introduced the Finance Bill in the Lok Sabha on the 1st of February, 2018. While Clause 99 of the Bill relates to exemption from integrated tax levied under section 3(7) of the Customs Tariff Act, 1975, Clauses 103 to 105 of the Bill cover the changes relating to service tax levied under the erstwhile Chapter V of the Finance Act, 1994, prior to 1st July 2017.

2. It may be noted that changes being made in the Budget shall come into effect on the date of the enactment of the Finance Bill, 2018.

The salient features of the changes being made are discussed below.

3. Legislative provisions:

(a) Notification No. 65/2017-Customs dated 8th July 2017 amending notification No. 50/2017-Customs dated 30th June 2017 is proposed to be given retrospective effect so as to exempt integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975 on aircrafts, aircraft engines and other aircraft parts imported under cross-border lease during the period from 1st July, 2017 to 7th July, 2017 subject to the payment of Integrated tax leviable under section 5(1) of the IGST Act, 2017 on the said supply.

(Clause 99 of the Bill refers)

(b) Services provided or agreed to be provided by the Naval Group Insurance Fund by way of life insurance to personnel of Coast Guard, under the Group Insurance Schemes of the Central Government, are proposed to be exempted from service tax for the period commencing from 10th September, 2004 and ending with 30th June, 2017

(Clause 103 of the Bill refers)

- (c) Services provided or agreed to be provided by the Goods and Services Tax Network (GSTN) to the Central Government or State Governments or Union territories administration, are proposed to be exempted from service tax for the period commencing from 28th March, 2013 and ending with 30th June, 2017.

(Clause 104 of the Bill refers)

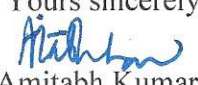
- (d) Consideration paid to the Government in the form of Government's share of profit petroleum in respect of services provided or agreed to be provided by Government by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, is proposed to be exempted from service tax for the period commencing from 1st April, 2016 and ending with 30th June, 2017.

(Clause 105 of the Bill refers)

4. General

- 4.1 Changes explained above are meant to draw attention to major changes. The text of the statutory provisions should be read carefully for interpreting the law. Any issues or doubts which may arise or any omission/ error observed may kindly be brought to the notice of the undersigned, Sh. Parmod Kumar, OSD (TRU) at parmodkumar.71@nic.in or Shri Pramod Kumar, DS (TRU) at pramodkumar.dor@gov.in as soon as possible.
- 4.2 I would like to express my gratitude for the pre-budget suggestions and inputs which have been received from field formations. I would be found wanting if I do not express my deep gratitude to my team in TRU II comprising the OSD, DS and the three Technical Officers, Sh. Harsh Singh, Ms. Rachna and Sh. Susanta Kumar Mishra, who have worked very diligently during the course of the year.

With regards,

Yours sincerely,

(Amitabh Kumar)

To:

**All Principal Chief Commissioners/ Principal Directors General
All Chief Commissioners/ Directors General
All Principal Commissioners/ Commissioners
Director DPPR/ Logistics/ Legal Affairs/ Data Management.**