

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:711

ANSWERED ON:28.07.2006

SERVICE TAX

Chakraborty Shri Swadesh;Chandrappan Shri C.K.;Das Gupta Shri Gurudas;Gehlot Shri Thaawar Chand;Rawat Shri Kamla Prasad

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has plans to impose service tax on postal services;
- (b) If so, the details thereof;
- (c) The possible merits and demerits once service tax is imposed on postal services;
- (d) Whether any safeguards are contemplated against the possible demerits of such move,
- (e) If so the details thereof;
- (f) Whether the Government proposes to reconsider its decision and revoke the order in this regard; and
- (g) If not, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) Basic mail services provided by the Department of Posts to meet the universal postal service obligation, also known as postal services, are not liable to service tax. Such services are provided exclusively by the Department of posts as per the Indian post office Act, 1898. Services in the nature of banking and other financial services defined under section 65(12) of the Finance Act, 1994, such as money order services, provided by the Department of Posts, are also not liable to service tax. There is no proposal under the consideration of the Government to levy service tax on the above mentioned services.

(b);(c);(d);(e);(f) and (g): Does not arise in view of (a) above