

Tax Hotline

March 04, 2025

EXPORT OF SERVICE' RULES NOTIFIED

In August 2004, the Government released the draft Export of Services Rules ("Rules") which discussed situations when services would be regarded as exported outside India, and be exempt from service tax ([read our Hotline summarizing the draft rules](#)). The Government has now notified these rules, by way of **Notification No 9/2005 dated March 3, 2005**. These Rules shall be effective March 15, 2005. From that date, the existing exemption available to services in respect of which consideration is received in convertible foreign exchange will be withdrawn.

As per the Rules, services taxable under the Finance Act, 1994 will be exempt from service tax where the same are exported outside India. In order to determine what constitutes export of services, all the notified services have been bifurcated into 4 categories, as under:

Type of services	When regarded as export of services
Services architects, interior decorators, real estate agents and construction services	Rendered in respect of immovable property situated outside India
A A host of 44 services such as stock broking, underwriting, credit rating, market research, technical inspection and certification, commissioning and installation, etc.	A A If performed either wholly or partly outside India
A Balance services which are used in or in relation to commerce or industry such as intellectual property, scientific or technical consultancy, business auxiliary services, etc.	A A If the recipient of such services is located outside India. However, if the recipient has a presence in India, services will be regarded as exported only if: <ul style="list-style-type: none"> ■ Order for provision of such service is made by the recipient from outside India; ■ Services are delivered outside India and used in business outside India; and ■ Payment in respect of such services is received in convertible foreign exchange
A Balance services when they are provided and used other than in or in relation to commerce and industry	A A If the recipient of the service is located outside India at the time when such service is received.

For this purpose, India is defined to include the designated areas in the Continental Shelf and Exclusive Economic Zone of India. The Rules further provide that any service tax or duty paid on any input services or inputs used in providing the services exported would be available as a rebate subject to such conditions and limitations and as per the procedure laid down in this respect.

Source: **Notification No 9/2005 dated March 3, 2005**

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Structuring Platform Investments in India For Foreign Investors

March 31, 2025

India's Oil & Gas Sector— at a Glance?

March 27, 2025

Artificial Intelligence in Healthcare

March 27, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**Vaibhav Parikh, Partner, Nishith
Desai Associate on Tech, M&A, and
Ease of Doing Business**

March 19, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025