



EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

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PRESS RELEASE

APPLICABILITY OF SERVICE TAX ON FOREIGN REMITTANCE MADE OUTSIDE INDIA

NEW DELHI – December 24, 2013 -- Participation in Business Fairs is an important activity undertaken by exporters to promote and enhance the exports of Handicrafts from the Country.

For this purpose, the exporters of Handicrafts participate in Business fairs abroad. Some of the exporters have been receiving notices from the Service Tax department for not depositing the service tax.

Mr. Rakesh Kumar, Executive Director- Export Promotion Council for Handicrafts (EPCH) informed that the Council has taken up the matter with legal expert seeking his opinion on whether Service Tax is applicable on the foreign remittance made outside India towards booking of stall space and travelling/lodging expenditure by the members.

Mr. Rakesh Kumar stated that legal experts have opined that Service Tax on booking of stall space in exhibitions outside India and Travelling and Lodging expenditures of members for the period 2008-09 to 2011-12 should not be levied. The same has been reasoned with an example, if the payment is made by the exporter to the hostess engaged at the stall for assistance would be treated as services obtained outside the taxable territory of India and hence no service tax levied.

The Executive Director of EPCH further informed that the Council is planning to take up this matter at the highest level of Central Board of Excise and Customs (CBEC) so as to find an early solution to the problem.

For more information, please contact:

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