



**Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
New Delhi**

Notification No. 24/2007-Service Tax

Dated 22nd May, 2007

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.

Sd/-

(G. G. PAI)

Under Secretary to the Government of India

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