

### SERVICE TAX

#### Service tax chargeable on deputation of ONGC officers in Directorate General of Hydrocarbons under Manpower Recruitment and Supply service

CBEC has clarified that activity of ONGC of providing its staff on deputation to DGHC for a remuneration in the form of reimbursement from DGHC, is chargeable to service tax under 'Manpower Recruitment or Supply Agency's Service' in terms of Section 65 (105) (k) of the Finance Act.

As per Section 65(68) of the Finance Act, Manpower Recruitment or Supply agency means any person engaged in providing any service, directly or indirectly, in any manner for recruitment or supply of manpower, temporarily or otherwise, to any other person. In the said definition the key words are, any person; directly or indirectly; in any manner; and temporarily or otherwise.

It thus appears that organisations that make available their staff to other entities would be covered under the said definition. The motive for providing such manpower is of no consequence. The requirement for taxability is that the person should be engaged in an activity that is covered under Section 65(105)(k) *ibid*. The volume of activity undertaken or the presence or absence of the profit motive is irrelevant.

*[CBEC Letter F. No.137/35/2011 – ST dated 13.07.2011]*

Source: [www.taxindiaonline.com](http://www.taxindiaonline.com)

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