

INDIRECT TAXES UPDATE – 166

SERVICE TAX

[Service tax Abatement for transport of passengers by air embarking from or terminating in Regional Connectivity Scheme \(RCS\) Airport for a period of 1 year](#)

The Central Government vide [Notification No. 38/2016-Service Tax, Dated: August 30, 2016](#) has amended Abatement Notification No. 26/2012-Service tax dated June 20, 2012 by inserting a **new entry 5A** to grant service tax abatement of 90% on the value of service of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a RCS Airport subject to the condition that Cenvat credit on inputs, capital goods and input services, used for providing the taxable service has not been taken by the service provider under the provisions of the Cenvat Credit Rules, 2004.

The abatement will be valid for a period of **1 year** from the date of commencement of operations of the RCS Airport as notified by the Ministry of Civil Aviation.

[[Notification No. 38/2016-Service Tax, Dated: August 30, 2016](#)]

Comment: To facilitate ease of doing business.

Source: www.cbec.gov.in

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