

Service Tax - Rent (Latest Instructions)

Instruction F.No 336/10/2009-TRU – Dated 15-7-2009

1. Kind attention is invited to the recent judgement of the Honourable High Court of Delhi in the matter of Home Solutions Retail India Ltd and Others Vs Union of India [2009] 20 STT 129 (Delhi) , wherein it is held (Para 36 of the order) that, “Section 65(105)(zzzz) does not in terms entail that the renting out of immovable property for use in the course of furtherance of business of commerce would by itself constitute a taxable service and be exigible to service tax....”
2. It is understood that, consequent to the said judgement of the Honourable High Court of Delhi, many assesseees have

stopped paying service tax on the renting of immovable property for business or commerce.

3. In this regard, all the service tax formations are informed that the Department has filed an appeal against the said order of the Delhi High Court, and the dispute has not reached finality. Given the situation, service tax formations throughout the country, are instructed to take necessary action to safeguard revenue by either pursuing the tax payer to pay up the service tax due or resort to means under law to protect the revenue.

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