

## **No service tax on 'charitable' yoga income**

There's good news on the tax front for yoga gurus who carry on their activities via charitable trusts. Income of such trusts from yoga-related activities will now not be subject to service tax. Thus, attendees of yoga camps or classes conducted by charitable trusts will not have to pay service tax of 14 per cent. This could boost yoga promotion activities across the country.

The amendments made consequent to the budget of 2015 had granted income-tax exemption to income arising from promotion of yoga activities. While the PM has put yoga on the world map, the finance ministry has done its bit to boost yoga-related activities via income tax and service tax exemptions.

The Central Board of Excise and Customs (CBEC) has in a notification dated October 21 specifically added yoga as one of the activities in the definition of 'charitable activities'. Prior to this amendment, charitable activities were confined to activities related to the advance of religion or spirituality. "While it was possible to argue that yoga also includes aspects of religion and spirituality, the amended definition provides more clarity," says Sunil Gabhawalla, indirect tax expert.

Several trusts, including those of Baba Ramdev, such as the Patanjali Yogpeeth Trust (which had faced a service tax demand of nearly Rs 5 crore for the period 2007-08 to 2011-12) have in the past been embroiled in service tax litigation. Health and fitness services, which were subjected to service tax, had specifically included yoga activities, resulting in demands being raised by indirect tax authorities.

"As yoga carried out by registered charitable trusts is now included in the definition of charitable activity, such litigation will subside," adds Gabhawalla.

However, it should be noted that yoga activities carried on by private institutions will not benefit directly from this service tax amendment, which is specific to charitable trusts. But all is not lost. "Yoga is also part of AYUSH, which is recognized as alternate medical science and there is a possibility of claiming service tax exemption which is available to health care services," Gabhawalla explains.

There is another ground for claiming service tax exemption. "Yoga is recognized by the ministry of sports and services by way of training or coaching in recreational activities relating to sports are also exempt from service tax," he adds.

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