

**-COPY OF-
SERVICE TAX CIRCULAR
NO.132/1/2011-ST
Dated: January 12, 2010**

Subject: - Fumigation of export cargo in compliance of export obligation – whether taxable under ‘cleaning services’ – clarification reg.

Representations have been received from the trade seeking clarification as to whether the activity of fumigation of export cargo including agricultural/horticultural produce, whether loaded into containers or otherwise is a taxable service falling under ‘cleaning services’ or not.

2.(a) The issue has been examined. Fumigation, per se, is a cleaning activity. However, the definition under section 65(24b) of the Finance Act, 1994, as amended, taxes cleaning of ‘objects or premises’ of (i) commercial or industrial buildings and premises thereof; or (ii) factory, plant or machinery, tank or reservoir of such commercial or industrial building and premises thereof. Fumigation of export cargo including agricultural/horticultural produce, whether loaded into containers or otherwise, does not satisfy the statutory definition of ‘cleaning activity’ under Section 65(24b) of the Finance Act, 1994.

(b) As a matter of abundant precaution, Government had also issued Notification No. 41/2007-ST dated 6.10.2007, as amended by Notification No. 42/ 2007-ST dated 29.11.2007 to exempt specialised cleaning services of containers used for export goods. This was in line with the international practice of making the export consignments free from taxation in the country of its origin. However, the wordings of this circular cannot be used to interpret the scope of service defined under Section 65 (105) (zzzd) of the Finance Act, 1994.

3. The pending disputes/cases may be decided based on the clarification contained in this circular.

4. Trade Notice/ Public Notice may be issued to the field formations accordingly.

5. Please acknowledge the receipt of this circular.

F.No.354/69/2010-TRU

**(VIKAS)
Under Secretary to the Government of India**