

<u>Notification</u>	<u>New Delhi, the 1st March, 2006.</u>
No. 4/2006-Service Tax	10 Phalgun, 1927 (Saka)

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (herein referred to as the Finance Act), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the taxable service, specified in sub-clause (zm) of clause (105) of section 65 of the Finance Act, that is to say the financial leasing services including equipment leasing and hire-purchase as defined in item (i) of sub-clause (a) of clause (12) of section 65 of the Finance Act, provided or to be provided to any person, from so much of the service tax leviable thereon under section 66 of the said Finance Act, as is equivalent to the service tax calculated on ninety per cent. of an amount, forming or representing as interest, i.e. the difference between the installment paid towards repayment of the lease amount and the principal amount contained in such installment paid.

Explanation. - This exemption shall not apply to any amount, other than an amount forming or representing as interest, charged by the service provider such as lease management fee, processing fee, documentation charges and administration fee.

[F. No. 334/3/2006-TRU]

(G. G. Pai)
Under Secretary to the Government of India