

Service Tax - Finance Act, 2014

Makes Advertisement Costly

Udyog Software (India) Ltd.

20/08/2014

The Finance Bill, 2014 received assent from Hon'ble President on 6th of August 2014. The main impact of this budget leads to make the advertisements costly. As per Section 66D(g) selling of space for advertisements in print media is only falls under Negative List. The definition of "print media" as per Section 65B(39a) states as follows:

(39a) "print media" means:

(i) "book" as defined in sub-section (1) of Section 1 of Press and Registration of Books Act, 1867, (25 of 1867), but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purpose

(ii) "newspaper" as defined in sub-section (1) of section 1 of Press and Registration of Books Act, 1867 (25 of 1867)

As per the above scenario, the selling of space for advertisement in print media will be only exempt and print media will be followed as per above definition. Now, the advertisements will become costly. It has been learnt from various sources that after 06.08.2014 some multiplexes have started collecting service tax from 6th August 2014 (i.e. the date of Presidential Assent to Finance Bill, 2014) on advertisement displayed on screens. The new levy would further extend to advertisements in internet websites, out-of-home media, on film screen in theatres, bill boards, conveyances, buildings, cell phones, Automated Teller Machines, tickets, commercial publications, aerial advertising, etc. in a very broader sense.

However, the consequences of this amendment will have larger impact and it is hoped that Central Board of Excise and Customs will definitely clear this with a circular.