

**Service tax on postal services**

**278. SHRI MOINUL HASSAN:** Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government have decided to levy service tax on postal services;

(b) whether it is not a fact that this has already been implemented on all types of postal services including money orders, postal life insurance, speed post etc.;

(c) if so, whether Government are aware that crores of families in India are surviving on remittances sent by working people through money orders; and

(d) if so, the justification for imposing further burden on the lower middle class families who are struggling to make both ends meet?

**THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD):** (a) Yes, Sir. Service tax has been levied on some of the postal services.

(b) Service tax has not been imposed on all postal services. It was initially introduced on following postal services:

- (i) Speed post and express parcel post.
- (ii) Banking and financial services run by Department of Posts.
- (iii) Postal Life Insurance and Rural Postal Life Insurance.
- (iv) Retail post services rendered to Non-Governmental Organisations/individuals.

Subsequently it has been decided by Ministry of Finance to withdraw service tax from banking and financial services run by Department of Posts (such as money orders, operation of savings accounts, issue of postal orders, etc.) *vide* their circular No. 83/1/2006-ST dated 4th July, 2006.

(c) Yes, Sir.

(d) Does not arise in view of (b) (iv) above.