

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO.520

TO BE ANSWERED ON FRIDAY THE 18TH NOVEMBER, 2016
KARTIKA 27 , 1938 (SAKA)

SERVICE TAX ON CHIT FUNDS

520. DR. SHASHI THAROOR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that the levy of service tax on chit funds has adversely affected middle and lower- income households;
- (b) if so, the details thereof;
- (c) whether the Government proposes to extend the benefit of exemption from service tax or abatement of 90 per cent to chit funds as available to the Non-Banking Financial Company (NBFC); and
- (d) if so, the details thereof, if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): Chit Funds *per se* being a mere transaction in money are not leviable to service tax. Service tax is leviable on services provided by foreman of a chit fund in relation to chit.

(b), (c) & (d): Does not arise, in view of reply to part (a) above.
