PRE-BUDGET MEMORANDUM ON UNION BUDGET 2013-14

BENEFIT SPECIALLY FOR BIHAR :-

(1) To declare State as "Special Category Status State"

Bihar has historically suffered due to regressive Economic Policies and Public Investment decisions like:

- Policies relating to Freight Equalization and Royalty on Minerals have contributed losses of thousand crores
- The rivers originating outside the Nation caused repeated floods in the State, for which no control measures have been taken, resulting in huge losses year after year.
- The state suffered Three Divisions and each time its economically developed areas have been taken away without any Compensation Package.
- Price & Procurement Policies have not taken care of the surplus grain production in Bihar, causing enormous loss to farmers.
- Lack of Centres of Excellence in technical/ management skill development.

On account of these policies, coupled with recent division, the State is not able to compete with others in attracting investment. It therefore needs special consideration and to declare tha state as "Special Category Status State" and introduced a policy package for Bihar on pattern of the North-East Region policy to kick start development through tax/ fiscal incentives for attracting investment in the state

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(2) Reduction in Bank Interest Rate

For facilitating industrialization in the backward states like Bihar we suggest to reduce the interest rate by 2% for reducing the interest burden.

(3) Abolition of Reverse Repo-Rate

The system of Reverse Repo-Rate should be abolished in backward states like Bihar so that funds available on account of reduction in CRR are not parked by the banks in RBI so that the more and more funds are available with bank for aiding in establishment of industries in the backward region like Bihar.

(4) Power:- visa-a-visa coal linkage

After Bifurcation of state, most of the power generation units of the State are now in Jharkhand and Bihar is left with two power generating units which are quite old and generation is Nil. Power from the surplus eastern region is also not available to us for want of adequate Transmission and Distribution System.

In recent past a number of investors have submitted their proposals to the State Investment Promotion Board for setting up new power plants. But due to non availability of coal linkage, the projects are not moving ahead. As we know that inadequate infrastructure hampers investment growth and the state is not able to attract adequate fresh investment.

Hence the coal linkage should be provided to the proposed new power plants in Bihar. Government may also consider privatizing coal mines.

(5) Restoration of section 80IB (5) of Income Tax Act 1961 which was withdrawn w.e.f. 01-04-2004

The Restoration of section would provide tax exemption for 3 to 5 years to new industrial units set up in 26 districts of Bihar.

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DIRECT TAXATION:-

CORPORATE TAXATION

(i) Corporate Tax Rate:-

The present rate of Corporate Tax at 30% increased by 5% Surcharge (which was initially levied at 2.5% and increased to 10% by finance Act, 2005) and 3% Education Cess is very high. In fact surcharge and Education cess is always levied to collect funds for specific purpose. The realization of corporate tax over the budget estimates during F.Y. 2007-08 is more than the collection on account of surcharge and the education tax taken together. There are other taxes by way of Dividend Distribution Tax and Securities Transaction Tax.

Further even otherwise the corporate tax rate itself is high as compared to the rates prevailing in other countries. Our suggestion is that not only the levy of surcharge and education should be abolished but the Rate of corporate tax needs to be brought down from 30% to 25% in line with international standards.

SUGGESTIONS

The rate should be brought down to 25% from 30% and even surcharge and education cess shall be abolished.

(ii) Depreciation rates of Plant & Machinery:-

The Depreciation rates for plant & machinery should be restored to 25% from the current 15%.

(iii) Additional depreciation u/s.32(1)(iia)

In the Union Budget 2005-06, the depreciation u/s 32(1) (iia) of the Income Tax Act has been increased from 15% to 20%, in respect of Plant and Machinery installed after 31.3.2005.

However, where the Plant and machinery is put to use for less than 180 days in a year, Second Proviso to section 32(1) restricts the additional depreciation to 50% i.e. from 20% to 10%.

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There is no reason for reducing the additional depreciation to 50%, which is available only one time of new plant and machinery installed. The whole purpose of giving incentive for setting up/expanding industrial undertakings, which require huge investment, is defeated by reducing the rate of additional depreciation to half. Further more, there is no provision to allow balance 50% additional depreciation in subsequent year, normal depreciation**.**

SUGGESTIONS

The rate of additional depreciation under Sub-Section (iia) of Section 32(1) should not be reduced to half, where the Plant & machinery under substantial expansion are put to use less than 180 days. Alternatively, it should be specifically provided that balance amount of additional depreciation should be allowed immediately in subsequent year**.**

(iv) A substantial reduction has been allowed in depreciation rates with effect from Assessment Year 2006/07 in view of amendment to rules vide Not. No. 67/2005 dated 28/02/05. Further benefit of additional depreciation applicable to Plant & Machinery as prescribed u/s32(1)(iia) is not granted to hotels since it is not regarded as an industrial undertaking engaged in the business of manufacture or production of any article or thing**.**

SUGGESTIONS:

Benefit of additional depreciation should be made available to even service sector including hotel sector which is contributing in a good way to the Economy. Other factor, which also needs consideration, is that in the current scenario to have competitive advantage service sector makes substantial investment in Plant & Machinery including intangible asset

(v) Payment of expenditure exceeding Rs.20,000.00

The act provides that any payment made above Rs.20,000.00 in cash (Rs.35000.00 in case of Transporter) shall not be allowed as expense while calculating the Income under the head Business Income. Seeing the current scenario prevailing and inflationary conditions now a day's payment of Rs. 20000.00 (Rs.35000.00 in case of Transporter) has become common, because of this provision the assesses faces difficulty in making payment.

SUGGESTIONS:

Thus it is suggested to enhance the threshold limit for making payment in cash at least Rs. 50,000/- or alternatively in all cases it should not be less than 35,000/- .

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The amendment should also be made that the disallowance in or above respect shall be restricted to the extent of 20% of the amount paid in cash.

(vi) <u>Deduction for expenditure on Corporate Social Responsibility (CSR)</u>

Corporate sector needs encouragement to progressively integrate the activities on the social front for the development of the society, with the business purpose and business plan of the company.

<u>SUGGESTION:</u>

It is suggested that a new section may be introduced in the Income Tax Act to recognize the expenditure which is incurred by a company and which is certified by a Practicing Chartered Accountant (after conducting CSR audit) as expenditure incurred for discharging the corporate responsibility towards the society. Proposed Companies Bill contains a provision which requires specified category of companies to incur a prescribed percentage of their profit on CSR Activities during the financial year. Therefore, now a need arises to encourage companies towards CSR, by allowing them a weighted deduction of 150% of the amount expanded on CSR activities.

(vii) <u>Set off of deemed short term Capital Loss- Amendment of section 74 (*read with section 50*)</u> :

Section 74 permits set off of short term capital loss only against Capital Gains. Section 50 provides for computation of capital gains in case of depreciable assets.

Sub-section (2) states that where any block of assets ceases to exist as such for the reason that all the assets in the said block are transferred during the previous year then the income as a result of such transfer shall be deemed to be short term capital gain. Similarly loss arising on account of such transfer shall be deemed to be short term capital loss.

There is a difference between section 50 and section 74. Section 50 separately deals with business assets, which are depreciable/ whereas section 74 is for carry forward and set off of capital gain. Loss on account of sale of depreciable asset u/s. 50 should be considered as business loss and should not be clubbed with section 74.

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SUGGESTION:

Section 50 should be suitably amended to treat short term capital loss arising u/s. 50 as business loss. This is because in essence, the deemed short term capital loss u/s. 50 is actually business loss arising on the block of assets which are used for purpose of business.

(viii) Section 54 EC- Capital Gain not charged on investment in certain bonds:-

Section 54EC proviso state that the investment made on or after the 1st day of April, 2007 in the long term specified assets by assesses does not exceed Rupees fifty lacs. But seeing the current scenario where the inflation is at its peak it is recommended to raise the limit to Rupees One crore.

SUGGESTION:

Section 54EC should be suitably amended to permit investment in the long term specified assets by assesses during the financial year up to Rupees One crore.

(ix) Definition of capital assets in case of agricultural land.

The present condition is that agricultural land is not treated as capital assets if it is not situated –

- In any area within the jurisdiction of a municipality having population more than 10000 or more.
- In any notified area.

The limit of 10000 population should be increased to minimum of 1, 00,000 as even a small village's population exceeds 10000.

SUGGESTION:

Thus the definition of capital Asset should be amended so as to include land situated in the within the jurisdiction of a municipality having population not exceeding Rupees 1, 00,000.00

(x) Section 47 : Certain transactions not regarded as transfer for the purpose of Capital Gain

Under this section (with effect from assessment year 2011-12) transfer of a Capital Assets by private company/unlisted public company having sales,

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turnover or gross receipts of not more than 60 lakh in any three previous years preceeding the previous year in which transfer take place, to a limited liability partnership (LLP), or any transfer of share or shares held in the company by a shareholder, as a result of conversion of the company into LLP in accordance with sections 56 and 57 of the Limited Liability Partnership Act is not regarded as transfer for the purpose of capital gain.

SUGGESTION:

We suggest that the limit of turnover or sales for levy of capital gain tax at the time of conversion of companies into LLPs should be raised to Rs. 2 crore as the present exemption of Rs. 60 lakhs is very low seeing the current economic scenario.

(xi) Section- 50C:

Sec. 50 C provides that while computing capital gains stamp duty value is deemed to be the full value of consideration received or accruing as a result of the transfer. The Stamp Duty is generally high and even for different kinds of properties any distinction is made. In any case the margin of 15% was provided in erstwhile sec. 2(2) as well as in other statutes.

SUGGESTION:

In order to avoid any unnecessary litigations and going for cumbersome procedure of valuation, margin of 15% be provided, that if the difference between the Agreement value and Stamp Duty value is up to 15% the agreement value be accepted.

(xii) Section 56(2)(vii)

Any receipt in the nature of gift, subject to certain exceptions, is taxed as income if the aggregate receipts during the year exceed Rs. 50,000/- Similarly, receipt of certain specified assets without any consideration or for consideration less than fair market value, is also taxed as income, if the difference between the fair market value and the consideration is more than Rs. 50,000/-.

The limit of Rs. 25,000/- was increased to Rs. 50,000/- w.e.f. AY 2007-08. Since then the above limit has not been changed. With the current

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inflationary scenario in the economy, the above limit needs to be suitable increased. Further, taxing the entire amount if the aggregate amounts received exceed the threshold is an unduly harsh provision especially when the amount marginally exceeds the threshold.

SUGGESTION:

The threshold of Rs. 50,000 be increased to Rs. 1,00,000. Further only gifts in excess of Rs. 1,00,000 should be taxed and not the entire amount.

(xiii) Security Transaction Tax:

At present, the STT paid on transaction of sale /purchase of shares is not allowed as deduction under the head capital gains. The deduction of STT is allowed only under the head profit and Gains from Business or profession only if the assesses is engaged in the trading of shares.

SUGGESTION:

The STT paid may be allowed as deduction by including it in the cost of acquisition and selling expenses under the Capital Gains. It will help in strengthen the capital market.

(xiv) Dividend Distribution Tax

Finance Act 2008 amended the provisions of Section 115-O of the Income-tax Act, 1961 (the Act), to mitigate the cascading effect of DDT in a single tier structure, by inserting sub-section (1A) which reads as follows:

"1A: The amount referred to in sub-section (1) shall be reduced by:

(i) The amount of the dividend, if any, received by the domestic company, during the Financial Year, if:

(a) Such dividend is received from its subsidiary;

(b) The subsidiary has paid tax under this section on such dividend; and

(c) The domestic company is not the subsidiary of any other company"

The amendment to section 115-O mitigates the cascading effect of taxation of dividend, only up to one level. However, cascading effect of DDT still continues to be felt in case of second level and the further step-down subsidiaries.

Deletion of clause (c) of the newly inserted subsection (1A) will extend the benefit to a multi-tier structure and hence multiple incidence of DDT on up-

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flow of dividend from subsidiary company to holding company can be prevented in all cases.

SUGGESTION:

It is suggested that the clause (c) of the newly inserted subsection (1A) may be deleted so that the cascading effect of DDT can also be avoided in a multi-tier structure

Further, investment companies which do not necessarily have subsidiaries and invest in various companies in the open market should also be eligible for such deduction on further distribution of dividend on which DDT has been paid.

(xv) **Requirement of filing return of income etc. by defunct companies.**

Presently, Section 139 of Income Tax Act requires all companies to file their return of income irrespective of whether they have any income or loss. Similarly, for all other formalities no distinction is made between defunct companies and other companies who are engaged in business activity. There are a number of companies who are not engaged in business due to various reasons and consequently do not have any income or loss assessable under the Income Tax Act. The requirement of filing tax returns and making compliance for other provisions of Companies Act results in unproductive cost. The paper work increases and no fruitful purpose are served.

SUGGESTIONS:

Defunct companies which are not engaged in any business activity and do not have any income of loss assessable under the Act should be exempted from filing tax returns and other compliances. To ensure that such companies start filing returns as and when any business activity is commended, the exemption from filing return etc. may be given based on declaration by such companies that they are not engaged in any business activity and do not have assessable income or loss, and as soon as any loss or income is received, these companies will start filing returns.

(xvi) Section139(5) Revised Return

Section 139(5) provides for filing of revised return in case of return filed under section 142 (1) and 139(1) and not in case of section 139(4). There accounts for several circumstances because of which assesses are not able to file the return within the due date. This creates undue hardships for assesses.

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SUGGESTIONS:

To amend the section for enabling assesses to file revised return for return filed in section 139 (4).

(xvii) Carry forward of losses

Section 72 provides for carry forward of losses only if assesses have filed return within the due dates as prescribed in the act. There accounts for several circumstances because of which assesses are not able to file the return within the due date. This creates undue hardships for assesses.

SUGGESTIONS:

The section should be amended to provide for carry forward of losses even if return not filed within due date.

(xviii) The issue of reopening notices under Sections 147/148

The issue of reopening notices under Sections 147/148 which have become a very common happening, as across the country they are being served in thousands, many times even on points of law are commonly being used as grounds leading to extreme harassment of all assesses. This has turn out to be a breeding ground for corruption and harassment. Thus proper stipulation must be laid down in the act to avoid any litigation in future for reopening of the cases and even the period of the reassessment must be reduced down to 3 years from the end of the relevant assessment year.

A new proviso must also be inserted stating that the reassessment shall stick to the grounds for which the case was opened and will never cover reassessment of whole books and accounts again whether the matter was previously examined in the original assessment or not.

SUGGESTION:

We suggest that the time period for reassessment should be reduced down to 3 years from the end of the assessment year.

The act should clearly state the grounds on which the Income Tax Officer can open up the case with a instruction that the assessment shall stick to the ground specified in the notice issued by the officer so as to avoid unnecessary litigation and reduce burden from the assesses.

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(xix) <u>MAT on Domestic Companies Section 115JB</u>

The Finance Act, 2011 increased the rate under MAT provisions from 18 per cent to 18.5 per cent. The rate of 18.5% is high as it adversely affects the MAT paying companies. Originally section 115J (levy of MAT) was introduced keeping in mind that companies pay dividend to share holders but manage their affairs in such a way claiming various deduction and do not pay tax to the government. Since now a Days Company pays dividend distribution tax on the dividend the rate of MAT should be decreased to 15% from the existing rate. Thus the effective tax rate would be 30% (15% Dividend Distribution Tax and 15% MAT).

(xx) <u>Penalty in case of return filed under section 153A read with Section 271AAA and 271AAB</u>

Returns filed under section 153A in search cases are compared to the original return filed under section 139 for penalty purposes. In these cases all the assessment proceedings get abated for the returns filed u/s 139 for all other purposes. There is no point in comparing the returns filed under section 153A with original return u/s 139 for penalty purposes. Returns filed under section 153A can be compared or should be compared with the findings in search for penalty purposes.

(xxi) <u>Section206AA- requirement of Furnishing of PAN for deduction of Tax at Source</u>

This provision is applicable to persons receiving taxable income including non residents. It is experienced that non residents are reluctant to have PAN in India. The contracts with non residents most of the time are entered into with net of tax clause. Thus, non furnishing of PAN results in additional cost in the hands of Indian companies.

<u>SUGGESTION:-</u>

It is suggested that non residents be excluded from the provisions of section 206AA. Instead, the resident payer may be asked to furnish the details of all payments to non residents in form 27Q. In case where withholding tax is paid based on Tax Treaty (DTAA), obtaining Tax Residency Certificate should be sufficient compliance vis-à-vis insisting for PAN.

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(xxii) Section 245A- Settlement Commission

The additional income tax liability for filing of the application to settlement commission should be reduced to Rs. 5 Lacs from the existing threshold limit.

PERSONAL INCOME TAXATION

(i) Slab Rate for Individual should be enhanced as under providing exemption limit from 2 lacs to 3 lacs :-

The tax slab for individual should be

Upto Rs. 3,00,000.00	Nil
Rs. 3,00,001.00 to Rs. 8,00,000.00	10%
Rs. 8,00,001.00 to Rs. 15,00,000.00	20%
Above Rs. 15,00,000.00	30%

(ii) SECTION 44AA Maintenance of books of account

Section 44AA provides that the persons carrying on a "Non specified profession" or a business whose income from such business or profession exceed Rs. 1, 20,000.00 than in that condition, person falling under this category are required to maintain such "Books of Account and other documents" as may enable the assessing officer to compute the taxable income under the Income Tax Act.

SUGGESTION:

As per the Income Tax Slab, Income up to Rs. 2,00,000.00 is exempted from Tax for Individuals (Other than Senior Citizen), so there is no requirement to even file the return for the income up to Rs. 2,00,000.00 but as per Section 44AA if Income of an Individual, from Business or Non- Specified Profession exceeds Rs. 1, 20,000.00 then will have to maintain the Books of Accounts. In such cases even filing of Return under Income Tax Act is not obligatory then it is irrelevant to maintain books of account for the same up to Rs. 2,00,000.00.

So, according to our analysis the minimum monetary limit for maintaining books of account in case of "non specified profession" or business should be up to Rs. 2,00,000.00.

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(iii) <u>Children Education Allowances</u>

The exemption limit for Children Education allowance may be raised from Rs. 100 per month to Rs. 1000 per month per child for maximum 2 children or actual expenses, whichever is less.

(iv) <u>Revision of Leave Encashment Exemption limit</u>

The maximum exemption limit of Leave encashment for non-government employees may be revised from Rs. 3 lacs to Rs. 10 lacs in view of the lack of social security support to the retiring non-government tax payers.

(v) <u>Transport Allowance</u>

The exemption limit for transport allowance to meet expenditures of commuting from residence to the place of work may be raised from Rs. 800 to Rs. 3200 per month. This is considering huge fluctuation/increase in fuel cost in the past years

(vi) <u>Reimbursement of Medical Expenses</u>

The exemption limit of medical expenses reimbursement under section 17(2)(viii) was raised from Rs. 10,000 to Rs. 15,000 by Finance (No.2) Act, 1998. In view of the rising cost of medical facilities and medicines, it is suggested to increase the exemption limit from Rs.15,000 to Rs.50,000.

(vii) <u>Deduction under section 80C</u>

Under this Section, Deduction is available to the Individuals/ HUF in respect of the certain specified investment made by them up to Rs. 1, 00,000.00. In this Section certain Investment are included like:

a). "Any sum paid as tuition fees (Not including any payment towards developments fees/donation/payment of similar nature) whether at the time admission or otherwise to any university/college /educational institution in India for full time education of any two children of an individual" and

b). "Any payment towards the cost of purchase/construction of a residential property (Including repayment of loan taken from Government, bank, Co-operative bank, LIC, National Housing Bank, assessee's employer where such employer is public company/public sector company/university/co-operative society."

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Today the tuition fees of any university/institutions as well as the cost of purchase/construction of any residential house are very high. Overall limit of Rs. 1.00 lakh including above two deductions also do not serve any purpose for the promotion of education or for the promotion of purchase of house.

So, it is suggested that either the limit of this section should be enhanced or the deduction in respect of these two investment mentioned above should be provided for in separate sections so that the concerned assesses may enjoy the deduction available in these sections.

(viii) **<u>Deduction of interest expenditure under the head House Property</u>**

The property prices have increased many folds in last 10years. The existing deduction of interest expenditure of Rs.1, 50,000, charged against the loan raised for self-occupied property is insufficient.

<u>SUGGESTIONS</u>:

The limit of deduction on interest paid against self-occupied property may be increased to Rs, 3, 50,000/-.

<u>MISCELLANEOUS:-</u>

(i) <u>Granting all pending tax refunds</u>

Tax payers are indeed concerned about the substantial refunds pending at the tax office on account of both Direct and Indirect taxes. There is a spiral here because there is a higher withholding tax and most often tax payers are unable to get lower tax withholding certificates because departments dealing with withholding tax and with assessments within the Tax Office are different and each has their own separate targets. Once higher taxes are withheld, there is a need for a refund and one finds, in practice, that tax offices make high pitched assessments to avoid refunds. We thus get into prolonged litigation and a tax payer has major problems trying to get back funds which are legitimately his. A new internal instruction states that refunds will not be issued if a case is chosen for scrutiny. This spiral needs to be broken. There is a need to issue instructions or guidance for issue of lower or nil withholding certificates. FICCI recommends that all pending refunds need to be granted forthwith, even when a case is chosen for scrutiny assessment.

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INDIRECT TAXATION:-

VAT:

(i) Reduction in rate of CST

VAT was introduced, Government promised that Central sales tax (CST) would be withdrawn completely but yet 2% CST continuous. This only increases cost burden as the CST credit is not given to the party who ultimately charges such amount from the consumers. Therefore it is requested from coming year CST should be reduced to 1%.

EXCISE:-

(i) Reduction in Rate:-

As the economy is going downwards it is suggested to decrease the rate of the central excise from the existing rate of 12% to 8% so that cost of product is reduced to remove its ultimate burden from its consumer.

(ii) Capital Goods:-

Motor vehicles, dumpers & tippers are eligible capital goods under Cenvat credit scheme only for a few service providers. Manufacturers are not entitled to avail Cenvat credit of duty paid such capital goods

SUGGESTIONS:
The duty on such capital goods may also be allowed as Cenvat Credit to Manufacturer where these capital goods are utilized for the purposes of business activity to reduce the cost of the product by the amount.

(iii) Cenvat Credit of Capital Goods:

50% of CENVAT credit is allowed in case of capital goods in the year of receipt and the balance 50% in the next financial year. At the time of procurement assesses have to pay 100% excise duty on both inputs and capital goods. Non allowance of full credit in the year of purchase itself leads to blocking of funds for tax payers.

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SUGGESTIONS:
CENVAT Credit Rules may suitably be amended to extend 100% CENVAT credit on capital goods as well at par with inputs.

(iv) Credit of Additional Duty of Customs against Output tax liability:-

Under section 3(5) of Custom Tax Act, 1975, Additional duty of Customs is levied in order to counter balance various internal taxes like sales tax or value added tax. This duty can be availed as credit against the excise duty paid on the manufacture of the finished product. However, the fourth proviso to rule 3(4) Cenvat Credit Rule, 2004, provides that no credit of SAD shall be utilized for payment of output tax liability. Consequently, this additional duty of customs is an added cost. This provision is not consistent with the legislative intention of SAD, which is to provide a level playing field, which is why the facility of set-off has been provided.

SUGGESTIONS:
Fourth proviso to Rule 3(4), Cenvat Credit Rule, 2004 may be amended to allow credit of SAD against the Output tax liability.

SERVICE TAX:-

(i) Rate of Service Tax

As the economy is going downwards it is suggested to decrease the rate of the central excise from the existing rate of 12% to 8% so that cost of product is reduced to remove its ultimate burden from its consumer.

(ii) Clarification on Service Tax

As we are aware of the recent amendments in the service tax applicability, payment, adjustments and introduction of reverse charge mechanism. These amendments interpretation vary from person to person resulting in unwanted chaos. Because of different interpretation department stick to their way resulting in unwanted litigation and burden on assesses to prove their point.

Thus it is suggested to incorporate in the budget the interpretation and even clarification on new amended Service Tax Rules.

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(iii) <u>Service tax Payment:</u>

All assesses under service tax have been allowed only 5 days to make the service tax payment and moreover for the month of March, the payment of service tax required to be made on 31st March itself. With the introduction of payment of service tax on accrual basis these provision have become harsh.

<u>SUGGESTIONS</u>:

It is thus suggested to extend the time of payment of service tax of March month from 31st March itself to 5th / 6th of next month.

(iv) <u>Service Tax liability on share of land owner in case of construction companies:-</u>

It is seen that we want the infrastructure companies to be at Boom. The policies are framed in a manner that the investment in these sector increases as this sector will facilitate large scale employment generation and infusion of money in market. But the introduction of service tax liability on construction companies in regard to the land owner share has just increase the burden of the same on ultimate buyers. In other words, the service tax paid by the concern in respect to land owner's share is not out of pocket of construction companies as they raise their prices by such an amount that is charging the amount paid as service tax ultimately from its buyer.

<u>SUGGESTIONS</u>:

Thus suitable amendments must be made in respect to remove service tax liability or make the effective rate of service tax 'nil' in case of the construction company's liability in respect of land owners share.

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