



Ministry of Finance

Apprehensions about the negative effects of certain tax demands on the Software Industry are without basis

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It was reported in certain sections of the Press that tax officials had raised tax demand in respect of export of IT/IT enabled services provided to clients abroad and that this had been done on the basis of place of supply rules in respect of these services which were apparently provided in India and therefore were liable to be taxed.

In a subsequent development, the Commissioner (Appeals) set aside the Orders of the lower adjudicating authority where refund was disallowed and has also upheld the orders where refund had been granted. Thus, the apprehensions expressed in those sections of the Press about the negative effects on the software industry are without basis.

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