

**Abatement for transportation of passengers by air, embarking from or terminating in a Regional Connectivity Scheme Airport**

CBEC vide aforesaid notification has inserted entry 5A in notification no. 26/2012 ST dated 20.06.2012 (abatement notification), wherein 90% of the value of service has been exempted from the payment of service tax as abatement in case of transportation of passengers, with or without the accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme Airport. In other words, service tax in such a case shall be payable only on the 10% of the taxable value of the said service. However, if any assessee opts for the abatement scheme, then it shall not be eligible to avail the CENVAT credit on inputs, capital goods and input services used for providing the taxable service.

Further, it is also specified that aforesaid abatement shall not apply on or after the expiry of a period of one year from the date of commencement of operations of the Regional Connectivity Scheme Airport as notified by the Ministry of Civil Aviation.

***[Notification No. 38/2016-ST dated 30.08.2016]***