

Attempted duty evasion of over 50 lakh made non-bailable

Duty evasion or even attempted evasion of over Rs.50 lakh has now been made non-bailable. Similarly, failure to properly disclose import or export of goods worth over Rs.1 crore will face the same treatment as will fraudulently claiming drawback or exemptions.

In case of the Central Excise Act, the Finance Bill has proposed to amend the law to make duty evasion or improper availing of Cenvat credit of over Rs 50 lakh cognizable offence and also nonbailable. Cenvat credit refers to taking credits or seeking refunds for excise paid by a vendor of product.

Section 91 (for service tax) is a retrograde step.The government is trying to squeeze service tax payers to increase collections by 45% to Rs.1.8 lakh crore, said Bishwajit Bhattacharya,a former additional solicitor general.He said the powers for prosecution had been removed from the statute several years ago and were now being brought back.

For the industry, the bigger fear is misuse of the provisions by junior officers. The government will have to ensure that the powers are not used to harass taxpayers. But in general, it goes against the intent of ushering in a non-adversarial tax regime, added Pratik Jain, partner at consulting firm KPMG. Over the years, when it came to economic offences, the government had started shifting to a simpler regime but in the last two years, the trend seems to be changing.

Even last year,Pranab Mukherjees move to increase powers with customs and excise officials had come in for criticism. As a result,the government dropped its plans to make certain violations of the customs and excise laws cognizable and non-bailable.

STRICT LAWS

SERVICE TAX

New provision of arrest for non-payment of service tax

EXCISE DUTY

Extends jail term to 7 yrs, with fine, if leviable duty is over Rs.30 lakh If duty liability crosses Rs 50 lakh, govt. plans to make offence cognizable and non-bailable

CUSTOMS DUTY

Evasion/attempted evasion made non-bailable if duty exceeds Rs 50 lakh
fraudulently availing exemptions of over Rs 50 lakh made non-bailable offence

Times of India, New Delhi, 04-03-2013

