

Central government buildings to be slammed notice for service charge

THIRUVANANTHAPURAM: The city corporation has been incurring a significant revenue loss due to the non-receipt of service tax of buildings housing central government offices.

The civic body is yet to estimate the loss, considered to be huge. Realizing the situation, the corporation has decided to issue demand notices to 10 buildings housing central government offices, including the AG's, for periods varying between 2005 and 2012.

The corporation's revenue wing has received the necessary approval from the tax appeal and finance standing committees to serve notices. More buildings would be added to the list.

"We have directed officials to slap demand notices on all central government buildings in the city. The notice will be served even as the list is being prepared," said P Syamkumar, chairman of the tax appeal standing committee.

The buildings getting notices in the first round would be that of Airport Authority of India, Income Tax Commissioner's office, central excise building, regional PF commissioner's office, VSSC garage, postal and telegraph quarters, PMG office, PMG staff office, P&T employees co-operative society, post and telegraph office, general post office building and principal accountant general buildings.

Interestingly, the corporation has not inspected-or made a list of-central government office buildings. This was revealed when the revenue wing inspected the buildings and found most of them have been altered, or new structures added on the premises.

The revenue officials inspected the buildings after an audit report pointed out lapses in collecting service tax.

The audit department has now invoked Section 235(5) of the Kerala Municipality Act, which entitled the civic body to realize cost of services from properties exempted from property tax. This was mentioned in a communication sent to the corporation.

The corporation is analyzing service charge receipts of Rs 815 paid by the Airport Authority of India for its wireless transmitting station.

"This amount is too less when compared to the arrears. We need to figure out the actual dues," an official said.

The service charge would be levied in compliance with the directives of ministries of finance, public works, housing and supply.

In two separate directives to local bodies in 1954 and 1967, respectively, the ministries had specified that central government institutions should pay service charges at a rate of 75%, 50% or 33% of the property tax-depending on the services availed: full, partial or nil.

The corporation has also with it a 2009 Supreme Court order, saying central government buildings were liable to pay service charges to respecting municipal corporations for providing services such supply of water and conservancy/sewerage disposal, besides general services. The apex court's directive was on a joint petition by four municipal corporations in Gujarat.

(Times of India)