

Chandigarh service tax dept for action against defaulters

Not happy with the response to the Service Tax Voluntary Compliance Encouragement Scheme (VCES)-2013, the Chandigarh Zone of Central Excise & Service Tax Commissionerate (jurisdiction over Chandigarh, Punjab and Himachal Pradesh) is planning to act tough against the defaulters.

The department has started issuing notices and summons to those not filing service tax returns for the past few years. It is also planning to a survey to verify defaulters and collect details about the assessee from the Income Tax department, UT Chandigarh Estate Office and Punjab Urban Development Authority to increase compliance and tax base.

According to the data, in Chandigarh zone, there are 10,000 assessee who have stopped filing returns, of the total 50,000 registered service tax assessee.

Speaking to Business Standard, Atul Handa, joint commissioner, Central Excise and Service Tax Commissionerate, Chandigarh-1, said, "We have started issuing notices and summons to the defaulters who have failed to pay the service tax. Already we have issued 1,500 notices to the defaulters. Those who have been issued such notices will not be able to take advantage of no penalty, interest and other proceedings provided under the VCES-2013 for service tax. Further, of the total notices served, the number of declarations under VCES is meagre, as just nine assessee have come forward in Chandigarh as on June 2013. We want assessee should come forward on their own in order to protect themselves from any penal action."

Under government's VCES, 2013, if an assessee makes truthful declaration about service tax dues with the department for October 2007-December 2012 by December 31, he will be given immunity against penalty, interest and other proceedings under the Finance Act, 1994. In order to avail the benefit, the assessee has to pay at least half of the declared amount before December 31, 2013 and the remaining portion is to be paid on or before June 30, 2014, without interest. This scheme came into effect from May 13, 2013 and was valid till December 2013.

He added, "According to our assessment, service tax evasion is rampant in construction activity, commercial property renting, manpower supply, etc. So, we have plans to conduct a survey to bring more business houses or agencies under tax compliance, keeping a check on tax evasion. We are collecting data from the Income Tax department, UT Chandigarh Estate Office, Punjab Urban Development Authority, etc."

The Chandigarh zone has set a target of collecting Rs 2,200 crore of service tax for the current financial year, compared with Rs 1,610 crore in 2012-13.

(Business Standard)