

FinMin detects Rs 600-crore service tax evasion

In its effort to check any leakage of indirect tax revenue, the finance ministry detected service tax evasion of about Rs 600 crore between January and July this year.

As many as 569 cases were detected by various central excise and service tax offices across the country during the period. The amount of evasion involved in these cases is Rs 589.40 crore, a finance ministry official said.

An analysis of these cases finds that renting of immovable property, work contract, general insurance, banking and other financial services are prone to service tax evasion. Besides, business auxiliary services and construction of commercial and residential complex services were also prone to evasion of the indirect levy, he said. The modus operandi being followed in these cases was wrongly availing cenvat credit, non-registration, short payment of service tax, wrong classification and undervaluation of services, the official said.

Fault detectors

The finance ministry officials have termed service tax evasion as new focus area and decided to target about 1.2 million assesses who had stopped filing returns. There are 1.7 million registered assesses under the service tax. The ministry is also implementing a first-of-its-kind amnesty scheme for service tax defaulters.

The Voluntary Compliance Encouragement Scheme, announced by Finance Minister P Chidambaram, has come into effect from May 10, this year. It allows a service tax defaulter to pay due without any penalty or late payment charges. Under the scheme, a person may make a declaration to the designated authority on or before December 31, 2013.

Within ambit

As many as 1,400 declarations have been filed under the scheme so far by defaulters liable to pay Rs 650 crore to the government, according to a latest official data.

The finance ministry has set indirect tax collection target, comprising customs, excise and service tax, of Rs 5.65 lakh crore for 2013-14, up from Rs 4.73 lakh crore in the last

financial year. There are over 100 services including restaurant, hotels, stock broking, mandap keepers, beauty treatment and outdoor catering which entails service tax.

(Business Standard)