

FinMin to track excise, service tax defaulters through database

The Finance Ministry has decided to take help from the Financial Intelligence Unit-India (FIU-Ind) in tracking evasion of Central excise duty and service tax, mainly in cases where defaulters are not traceable.

A senior Finance Ministry official told *Business Line*, “The database of the FIU-Ind may be helpful in locating the financial transactions or assets of defaulters of Central excise duty and service tax and realising the arrears.”

FIU-Ind was set up by the Government in 2004 as a national agency responsible for receiving, processing, analysing and disseminating information relating to suspect financial transactions.

The entire exercise is being closely monitored at the ‘highest level’ in the Ministry, the source said.

As a result, everyone has been instructed to ensure that the permanent account number (PAN) is provided in respect of each and every assessee, as without this, it may not be possible to ascertain the financial transaction or assets of the defaulters from the data base of FIU-Ind, he said.

Once the details are received, these will be used, with the help of the zonal chief commissioner concerned, for realising arrears. However, it has been reiterated that any information shared with or received from FIU will be kept confidential and not be used for evidential purposes, he added.

This, among other issues, was discussed in review meetings with various commissionerates and large taxpayers units under the chairmanship of the Revenue Secretary. There is extreme pressure on revenue collection, as tax collection (indirect and direct tax) is much below the Budgeted target.

During April-November of the current fiscal (2012-13), total indirect tax collection stood at Rs 2.92 lakh crore. This shows a growth of 16.8 per cent against the Budgeted target of 27 per cent. The Ministry has set a target of collecting Rs 5.05 lakh crore through indirect taxes (custom and excise duty along with service tax).

The official did admit that with low industrial production, excise collection was bound to be hit. Along with this, poor international environment was impacting customs duty, which is why the focus is more on realising arrears.

“The authorities have also been asked to expedite the settlement process rather than go for the entire adjudication and appeal process, which may take a longer time,” he added.

According to a report of the Parliamentary Standing Committee on Finance, total indirect tax arrears during 2011-12 stood at Rs 68,741.02 crore. Out of this, Rs 25,531.99 crore

were stayed arrears pending in courts and Rs 33,131.80 crores were restrained arrears. In the remaining cases, there is little or no information about assesseees.

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