

## **FinMin warns of stern action against service tax evaders from Jan 1**

The Finance Ministry has warned stern action against service tax evaders from January 1 since the service tax Voluntary Compliance and Encouragement Scheme (VCES) is coming to end on December 31.

“I would like to advise that from January 1, 2014, stern action will be taken against service tax evaders and the provisions in the Finance Act relating to arrest and prosecution will be enforced in right earnest,” Finance Secretary Sumit Bose told reporters here.

### **Service tax assesseees**

There are 17 lakh registered service tax assessee, but only 7 lakh are filing the returns on a regular basis and the Ministry considers the rest as evaders.

He also claimed that there has been an overwhelming response to the VCES . “In the last four days, we have received over 16,000 applications involving Rs 1,500 crores of service tax dues,” he said while adding that up to December 29 tax authorities got 40,000 declarations involving over Rs 5,500 crore.

This would broadly correspond to Rs 55,000 crore of services, which have escaped the tax net.

### **No extension of VCES**

He reminded that there would be no extension of the scheme since the last date is laid down in the Finance Act.

In order to help the service tax assesses, it has been decided to open the service tax office beyond working hours on **Monday** and Tuesday. At the same time, the Government has also extended the banking hours in the designated branches up to 6 p.m. on December 31.

In addition, all Commissionerates have been advised to accept demand drafts/ pay orders submitted by declarants, under the Receipt Payment Rules.

### **Service tax dues**

The declarants are once again reminded that they have to pay half of the declared tax dues by December 31, failing which they would be ineligible for the scheme.

The scheme offers ‘no penalty, no interest’ and provide one-time opportunity to the defaulters to come clean. Under it, defaulters have to pay at least 50 per cent of arrears

for the five-year period ending 2012 (October 1, 2001-December 31, 2012) and the balance in another six months without interest.

*(The Hindu Business)*