

Finmin asks PSUs to ensure payment of service tax by vendors

The Finance Ministry has asked heads of all public sector entities to use their influence to ensure timely payment of service tax by their vendors.

Revenue Secretary has written a letter to all CMDs of PSUs last week requesting them to ensure that service providers are paying their service tax, sources said.

PSUs are large consumer of services provided by different vendors including other public sector entities. As per the government estimates, service tax evaders have deprived the exchequer of over Rs 9,872 crore during April-December period of 2012-13.

During the period, 4,133 cases were detected. Over Rs 1,969 crore has been realised from the defaulters.

The Revenue Department is obtaining information from other government agencies and departments regarding various service providers and persons liable to pay tax. Minister of State for Finance S S Palanimanickam had told Parliament that the government was making "all out efforts" to detect service tax evaders and take action against them.

Conducting surveys by field officers, extensive publicity regarding the liability of service tax and booking cases against defaulters were among the steps taken by the government to check evasion of the duty, he had said.

The Finance Bill has proposed to introduce Section 91 to provide for power to arrest a person for specified offences, particularly non-payment of collected service tax, by an officer not below the rank of Superintendent of Central Excise.

Failure to deposit service tax amount exceeding Rs 50 lakh with the government would result in imprisonment of up to seven years. During 2011-12, 527 commercial frauds in Service Tax were detected out of which only 26 persons were arrested. In 2010-11, 581 cases of fraud were detected by Directorate of Revenue Intelligence and only 64 people were arrested.

As per the Bill, offences relating to excise and customs duty evasion of over Rs 50 lakh would be made cognisable and non-bailable.

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