

## **P Chidambaram warns service tax evaders, says VCES a last chance**

Union Finance Minister Chidambaram warned the service tax evaders saying the current amnesty scheme closes by month-end and that no further chances will be provided to comply with the tax regulations.

Addressing the trade bodies in Hyderabad on Wednesday, the Finance Minister said the Voluntary Compliance Encouragement Scheme (VCES) will be the last opportunity given to tax evaders so that they can come clean and make a fresh start. He said similar amnesty was provided way back in 1997 and advised the service providers not to expect another such offer within the next 20 years.

Warning the tax evaders that the tax department was smarter to bring evaders into the tax net anytime, Chidambaram said of about 17 lakh registered persons in the services sector that contributes about 57% to the Indian GDP only 7 lakh actually paid tax. The remaining ten lakh service providers who did not pay taxes were classified as 'no-filers' and 'stop-filers'.

"You will find that the department is cleverer than the no-filers and stop-filers. You might get away months and years. But, ultimately the law will reach you and the law will bring you into the tax net," said Chidambaram.

Saying that service providers cannot see a fair scheme than VCES, the finance minister said, "No interest, no penalty, no prosecution. I think this is a generous scheme. So utilize it and take advantage of it."

Under VCES, which came into effect from May this year, the service providers can clear their dues from October 1, 2007 to December 31, 2012 without interest, penalty and prosecution. The government has also offered a facility to service providers pay the due amount in instalments without any interest.

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