

**CHAPTER VI OF THE FINANCE ACT, 2013 - SERVICE TAX VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME - CBEC CLARIFIES THAT : (A) ASSESSEES MAY DEPOSIT FIRST TRANCHE OF 50% UP TO 31-12-2013 IN INSTALMENTS, (B) DECLARATION MAY BE FURNISHED FOR PART PERIOD OUT OF PERIOD COVERED BY SCHEME; AND (C) DEPARTMENT CANNOT ASK FOR MANNER OF CALCULATION OF TAX DUES, EXCEPT CHECKING ARITHMETICAL ACCURACY**

**INSTRUCTION [F.NO.B1/19/2013-TRU(PT.), DATED 11-12-2013**

The undersigned is directed to state that the Board has issued clarifications on issues concerning various aspects of the VCES, vide circulars dated 13.05.2013, 8.08.2013 and 25.11.2013. A FAQ has also been issued on VCES. However, certain instances have come to notice, as mentioned below, that the declarants under the VCES are still facing difficulties.

**2.** In one instance, the Designated Authority has asked a declarant, who has "tax dues" only for a part of the period covered by the Scheme, to furnish an undertaking that he had no unpaid "tax dues" for the remaining period covered by the Scheme. However, the Scheme does not envisage furnishing of any such undertaking. A declarant may have tax dues only for a part period covered by the Scheme. In terms of the Scheme a declaration of tax dues has to be made in Form VCES-I, which includes an undertaking that the information given in the declaration is correct and complete. Therefore, the Designated Authority should not ask for any other undertaking or declaration beyond what has been prescribed in the Scheme or Rules made there under.

**3.** In another instance, the Designated Authority has objected to the payment of the first tranche of 50%, payable by 31.12.2013, in installments. It is clarified that the Scheme only prescribes that the declarant would pay a minimum amount of 50% of the tax dues by 31.12.2013. Rest of the payment may be made by 30.6.2014, without any interest, and any amount remaining unpaid on 30.6.2014 shall be paid by 31.12.2014, with interest for the period of delay beyond 30.6.2014. There is no bar to pay these amounts in installments. For example a declarant may pay the 50% amount that he is required to pay by 31.12.2013 in more than one installment. Therefore, payment of 50% "tax dues" in lump-sum may not be insisted to.

**4.** In some instances, it has been observed that the Designated Authority has raised frivolous/unnecessary queries as regards the veracity and the manner of calculation of tax dues. While the designated authority may cause arithmetical check as regards the correctness of computation of tax dues, the Scheme does not envisage investigation by the designated authority into the veracity of declaration. Only if the Commissioner has reason to believe that the declaration filed by the declarant is substantially false he may, for reasons to be recorded in writing, serve notice on the declarant requiring him to show cause why he should not pay the tax dues not paid or short-paid.

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