

Service Tax Amnesty: FinMin to set up Panel to Review Rejected Applications

Union Finance Ministry will constitute a committee to review applications rejected under the Voluntary Compliance Encouragement Scheme (VCES), 2013.

Of the 9,000 applications received, 107 have been rejected, Finance Minister P. Chidambaram said addressing service tax professionals, as part of an interactive session on VCES, in Bangalore on Wednesday.

“A committee will be constituted shortly to review the rejected applications after the December 31 deadline. We will see which can be accepted,” he added.

The Ministry has invested in technology and data collection mechanism from various sources to track down service tax evaders. With the scheme, Chidambaram urged non-filers, those who have stopped filing service tax, and incorrect return filers to come out and make a truthful declaration and pay tax.

“Through VCES, we are providing an opportunity to make a ‘fresh start’,” he said. “Pay up your taxes as the last date is December 31. The Government has made a fair and generous offer, a one-time offer that is not likely to come your way for at least a couple of decades. Therefore, it is in the best interest of everyone to take advantage of the offer,” he said.

Explaining data collection and financial intelligence, Chidambaram said “Tax evaders henceforth cannot escape technology. It will catch up with them. The Ministry has enough data collected through PAN and TDS submissions. Also on income tax (IT) front financial intelligence unit analyses data collected from customs, excise department on regular basis.”

The last amnesty scheme was announced in 1997 called VDIS, after 16 years the government has announced a scheme for service tax.

“If anyone feels another scheme will come next year, I’m afraid they have mistaken. These schemes cannot be announced every year. There should be a good reason why we have to do so,” he explained.

Bangalore lags behind

Union Revenue Secretary Sumit Bose said Bangalore lags behind other centres like Kolkata in the matter of the collections under the VCES.

So far about Rs 2,000 crore has been collected in the country under VCES with 9000 declarations. Of this, Bangalore zone has seen 432 declarations involving an amount of Rs 155.94 crore as on December 2. Bangalore zone is currently placed third in the all-India list of declarations.

Our Hyderabad bureau reports: Describing the amnesty scheme as a golden opportunity, Union Finance Minister P. Chidambaram said the Government has come forward with such a scheme after 16 years. It is not possible to come up with anything like this again as the Supreme Court has categorically said that such schemes cannot be encouraged.

It is heartening to note that 17 lakh persons have voluntarily registered for services tax and of this about 7 lakh actually pay tax.

(Business Line)