

Service tax evasion runs up to Rs. 188 crore

A number of companies in the real estate sector, hotel industry, security services and recruitment services operating from Bangalore have been found to be evading payment of service tax. The audit and anti-tax evasion teams of the Department of Service Tax have detected these evasions running up to Rs. 188 crore this financial year.

“These are collections from the customers but not paid to the department. On many occasions, these collections are rolled out as investments in their projects, thus evading payment of service tax. In some cases, especially in the real estate sector, the tax evasion has been more than Rs. 10 crore,” an official in the Service Tax Commissionerate of Bangalore region told *The Hindu*.

The final figure is likely to go up, the official said.

The department has frozen bank accounts and has initiated proceedings to attach properties of the defaulters to recover tax, the official said and added that the list also had some big players in their respective sectors.

Service tax will be the next big revenue generator for the government. To prevent evasion, the government has proposed in the Finance Bill 2013 that default of Rs. 50 lakh and above tax should result in the arrest of the defaulter, the official said. Meanwhile, a release from the Service Tax Commissionerate, Bangalore, has said that large-scale default of payment of service tax has been noticed in Bangalore with more than 60,000 assesseees of the 1.10 lakh registered assesseees not filing service tax returns and not paying service tax as well.

It said that the Bangalore region has collected gross revenue of Rs. 5,963.20 crore from 38,000 active assesseees, registering a growth of 29 per cent in collections over the last year.

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