

Rs 200 cr tax notice to Delhi, Mumbai airport operators:

Fin Min

The government on Tuesday said it has issued notices to operators of Delhi and Mumbai airports to recover service tax dues amounting to about Rs 200 crore.

"(A) Showcause-cum-demand notice has been issued to Mumbai International Airport Pvt Ltd...demanding service tax of Rs 54.68 crore for the period April 2009 to January 2011. Showcause-cum-demand notice has been issued to Delhi International Airport Ltd ... demanding service tax of Rs 145.47 crore (for the same period)," Minister of State for Finance S S Palanimanickam said in a written reply in the Rajya Sabha.

The notices were issued after the government concluded that service tax has to be levied on development fees charged by Delhi and Mumbai airport operators.

The Revenue Department, he said, had in July 2011 clarified that the "development fee is chargeable to service tax under the broad heading Airport Service".

The combined service tax liability on the development fee collected at Mumbai and Delhi airports for April 2009- May 2011 is about Rs 200 crore, he added.

"While examining the applicability of service tax on the development fee, the Supreme Court's judgement dated April 26, 2011 was also factored in," Palanimanickam said.

Replying to a separate query, Palanimanickam said there are about 13 lakh service tax assesseees which are registered with the department.

The composition of services sector in the country's GDP (gross domestic product) is 63.4 per cent, as per the Economic Survey 2010-11.

Service tax on general insurance is the highest contributor in terms of revenues at Rs 842.5 crore up to June 2011, Palanimanickam said.
(Economic Times)