



OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE & SERVICE TAX  
7<sup>th</sup> FLOOR, TRADE CENTRE, BUNTS HOSTEL ROAD, MANGALORE-3.

C.No. IV/06/90/2013-14 SIV Cell

Dated: 11.08.2014

**PRESS NOTE**

**MANGALORE SERVICE TAX ARRESTS A KARWAR BASED SERVICE PROVIDER  
FOR FAILING TO REMIT THE SERVICE TAX COLLECTED TO THE EXCHEQUER**

Officers of the Commissionerate of Central Excise and Service Tax, Mangalore arrested the Managing Director of a private limited company providing storage and warehousing services at Karwar, for collecting the Service Tax of over Rs.60 lakhs from August 2011 to March 2014 and not remitting the same to the Government account. As on date, over Rs.51 Lakhs Service Tax collected is retained by them for more than six months without remitting to the Exchequer. The service provider based in another state having business at Karwar has been evading appearance before the investigating officers for several months. He appeared for the investigation only after a petition was filed before the Hon'ble Court for issuance of a non-bailable warrant to secure his presence.

2. During the verification of the documents of the service provider, the officers found that the service provider has failed to remit the Service Tax collected to the Government account. The detailed investigation initiated in the matter prima facie revealed that the service provider has been evading payment of appropriate Service Tax for over three years. The investigation has unearthed that despite providing taxable services since August, 2011, the service provider has failed to obtain the Registration Certificate till February, 2013 i.e., the delay of about 16 months. It has also been revealed that the service provider was not even complying with the basic statutory requirements like filing of returns intimating the taxable services provided,

discharging appropriate Service Tax liability, remitting the Service Tax collected to the Government account etc. thereby contravening the provisions of the Finance Act, 1994 and the Rules framed thereunder.

3. As per Section 89(1)(d) read with Section 89(1)(ii) of the Finance Act, 1994 whoever collects Service Tax in excess of Rs.50 lakhs but fails to credit the same to the Government account within a period of 6 months from the day on which such payment becomes due, is liable for imprisonment for a term which may extend to 7 years. Such offences shall be cognizable as per Section 90 of the Act.

4. The service provider was therefore, arrested today i.e. on August 11, 2014 under Section 91 of the Finance Act, 1994 and produced before the Hon'ble Principal Civil Judge Senior Division and Chief Judicial Magistrate, Mangalore who remanded him to judicial custody. Further investigation is under progress.

5. The Commissionerate has initiated several measures to facilitate genuine trade to improve service tax compliance in the jurisdiction. Simultaneously, concerted efforts are being taken to create a data base of habitually non-compliant trade on the basis of inputs generated and received from other Departments so as to take appropriate action as per the legal provisions.

(Dr. M. SUBRAMANYAM)  
COMMISSIONER