



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

C.No. IV/06/56 /2013-14 SIV Cell

Dated: 26.11.2014

PRESS NOTE

**MANGALORE SERVICE TAX COMMISSIONERATE ARRESTS A BUILDER FOR
EVADING SERVICE TAX OF OVER ONE CRORE**

On specific information recorded by the officers of the Central Excise & Service Tax Commissionerate, Mangalore, which was further developed, a proprietor of one of the major construction companies has been arrested for service tax evasion of over one crore. Out of the amount evaded, about Rs.84 lakhs of service tax has been collected from the customers but the same has not been credited to the Government exchequer.

2. During the detailed investigation carried out by the officers of the Commissionerate, it has been revealed that the service provider though had been providing taxable service of works contract service and others, failed to take service tax registration which was taken only after the lapse of considerable period. Further he has not been filing the statutory returns to the department regularly and neither discharged the appropriate service tax liability. It needs to be highlighted that the service provider has not even been crediting the service tax collected from the customers to the Government exchequer. The service provider though has been providing the taxable services to various customers including their sister concern, the details have neither been properly captured in their financial accounts nor correctly declared to the department. During the investigation, the service provider has admitted to the contraventions.

3. As the service tax collected but not paid to the exchequer for more than six months exceeded Rs.50 lakhs, the acts of omission and commission on the part of the service provider constituted an offence prescribed under Section 89(1)(d) of the Finance Act, 1994 thereby attracting imprisonment extending to seven years in terms of Section 89(1)(ii) of the said Act. Further such offences shall be cognizable as per Section 90 of the Finance Act.

4. The service provider was therefore, arrested today, the 26th November, 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 equipped with data received from various sources has been proactively developing the data base of assesseees providing various services including service tax payment particulars on regular basis. The investigations initiated have prompted a few of such defaulters to discharge their liability during the stages of investigation itself. However, in instances where the service providers who had not credited the service tax amount collected to the Government exchequer and where the contraventions attracted Section 89(1)(ii) as aforesaid, arrest of such defaulters have been resorted to pending further investigations. It may be recalled that this is the fourth arrest made by the Commissionerate in the recent past for such gross and intentional violations of statutory provisions to evade payment of service tax.

Sd/-

(Dr. M. SUBRAMANYAM)
COMMISSIONER