



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

C.No. IV/06/10/2014-15 SIV Cell

Dated: 23.7.2014

PRESS NOTE

COMMISSIONERATE OF CENTRAL EXCISE & SERVICE TAX MANGALORE

ARRESTS ONE PERSON FOR EVASION OVER RS.1.94 CRORES

Officers of the Commissionerate of Central Excise and Service Tax, Mangalore arrested a Chairman & Managing Director of a major company providing advertisement services and event management, for collecting the Service Tax of over Rs.1.94 crores from April, 2012 to June, 2014 and not remitting the same to the Government account. Out of this amount, Rs.1.16 crores was retained by them for more than 6 months.

2. During the audit 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 two years. Scrutiny of the documents furnished by the service provider revealed that they were not complying with even the basic statutory requirements like timely 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 amount in excess of Rs.50 lakhs as Service Tax 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 23rd July, 2014 under Section 91 of the Finance Act, 1994 and produced before the Hon'ble Principal Civil Judge Sr. 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 target erring assesseees such as creating a data base of defaulting service tax assesseees, approaching the judiciary for issuance of non-bailable warrants where the person summoned in connection with enquiry fails to appear etc. Further all concerted efforts are being taken to enhance tax compliance in the jurisdiction.

Sd/-

(Dr. M. SUBRAMANYAM)
COMMISSIONER