

CBEC to expedite adjudication of high value cases

Involves tax demand of Rs.38k crore, aimed for completion by end- Oct; scrutiny also of smaller service taxpayers

The finance ministry has decided to expedite adjudication of 532 high- value cases, involving a total service tax demand of Rs.38,000 crore. These are in the insurance, civil aviation and consumer durables sectors, among others, in Delhi and Mumbai. The aim is to bring these to closure by the end of next month. It has also started a manual scrutiny of small service taxpayers.

In the former exercise, only those high- value service tax cases would be considered where the tax demand raised is at least Rs.10 crore, officials said. Closure of these cases could give the government a revenue gain of more than Rs.20,000 crore, it is estimated.

The Central Board of Excise and Customs (CBEC) believes the exercise would ease the business environment. "It is important to bring closure to cases. You can't keep them hanging," said a senior official. Most of these cases are pending for the past two to three years.

Though officials refused to specify the cases, among the companies facing service tax adjudication are Jet Airways, Kingfisher Airlines and Sony. There are tax demands of Rs.280 crore on Jet, Rs. 370 crore on Kingfisher and Rs.268 crore on Sony. An adjudication order has already been passed against Tata AIG for Rs.248 crore. The move is among the first tasks initiated under the newly- formed Directorate of Taxpayer Services under CBEC, set up to simplify and improve customer experience. It was set up in line with the recommendations of the Tax Administration Reforms Commission headed by Parthasarathi Shome.

"One of the key strategies to meet the high service tax collection growth target is to speed adjudication of pending cases," the official said.

CBEC is in the process of filling many vacancies in the commissionerates.

"As an interim measure, we have authorised officials outside their roles to look into these cases, till the vacant positions get filled. We have also posted and Mumbai," said the official. CBEC has also initiated scrutiny of small taxpayers, which paid service tax of less than Rs.50 lakh in 2014- 15. "The focus at the moment is to ensure better compliance and thereby improve revenue collections. We want to strengthen revenue scrutiny. The smaller cases will be scrutinised on a risk assessment basis," Experts lauded the department's move to expedite adjudication cases as translating into revenue gains. However, they cautioned against one- sided orders. " There will be a need for application of mind in such cases, to avoid another level of adjudication, which arises if the assessee goes to the tribunal (Customs Excise India's indirect tax collections rose 37 per cent in the first four months of this financial year and over 14 per cent without accounting for the additional measures such as rise in excise duty on petroleum products in four phases since October last year and withdrawal of excise duty concessions to the automobile industry.

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