

## **New norms for manual scrutiny of service tax returns from August**

Central Board of Excise and Customs (CBEC) will start detailed manual scrutiny of service tax returns of assessees based on risk parameters under modified norms from August 1.

CBEC, the Finance Ministry said, has issued revised 2009 guidelines on manual scrutiny of service tax returns in view of the legal changes brought about by the Negative List based taxation of services and administrative changes like creation of separate Commissionerates for Audit.

The revised guidelines will come into operation from August 1, 2015, it said.

As per a CBEC circular, the detailed return scrutiny would be conducted in respect of such assessees whose total tax paid for 2014-15 is below Rs 50 lakh.

However, the assessees who are subject to service tax audits would not be covered under the detailed scrutiny programme.

"In an era of self assessment of tax liability by the assessees, compliance verification assumes greater importance. Scrutiny is one of the three prongs of compliance verification, the other two being audit and anti evasion," the Ministry said.

Prior to the reorganisation of Commissionerates, all these three prongs were being handled by a single Commissionerate.

With the creation of separate Audit Commissionerates, the Executive Commissionerates will focus on scrutiny and anti evasion work.

"The selection of returns for detailed scrutiny would be on the basis of risk parameters which would be centrally generated. The scrutiny would be entirely done in the departmental premises, based on assessment related documents obtained from the assessee," the ministry said.

The selection of the assessees for the purpose of manual scrutiny, the CBEC circular said, would be made under three bands -- where the Service Tax is paid up to Rs 10 lakh, Rs 10-25 lakh and Rs 25-50 lakh in 2014-15.

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