

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2473
ANSWERED ON:08.12.2006
EVASION OF SERVICE TAX
Aaron Rashid Shri J.M.

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Directorate General of Central Excise Intelligence (DGCEI) have booked several top companies on cases of Service Tax Evasion;
- (b) if so, the details and amount of evasion of tax by these companies;
- (c) whether Non-Banking Financial Institutions are also involved in the matter; and
- (d) if so, the details of those companies and the action taken by Government to recover the amount?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes Sir.

(b) The total number of Service Tax evasion cases booked and the amount involved for last three financial years and the current financial year (upto October, 2006) are as follows;

| Year | No. of cases | Amount (in lakhs)# |
|-----------|--------------|--------------------|
| 2003-2004 | 30 | 952.26 |
| 2004-2005 | 422 | 34564.71 |
| 2005-2006 | 505 | 54362.59 |
| 2006-2007 | 231 | 36619.33 |

In some cases the investigations are still in progress and the final amount is not quantified as yet.

The details of cases involving Service Tax amount of more than Rs. ten crore are given at Annex 'A'

(c) Yes Sir.

(d) The number of cases booked against Non-Banking Financial Institutions and the amount involved for last three financial years and the current financial year (upto October, 2006) are as follows:

| Year | No. of cases | Amount (in lakhs)# |
|-----------|--------------|--------------------|
| 2003-2004 | 0 | 0 |
| 2004-2005 | 2 | 206.19 |
| 2005-2006 | 18 | 3626.74 |
| 2006-2007 | 7 | 103.79 |

In some cases the investigations are still in progress and the final amount is not quantified as yet.

The details of cases against Non-Banking Financial Institutions are given at Annex 'B'. Action as per the Central Excise Act, 1944 and the rules made thereunder is being taken by Government to recover the amount in cases where investigations have been completed.