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SERVICE TAX

Challenges before the Service Tax Administration in India.

Service tax administration in India has before it multi-dimensional challenges. Few of them are related to the very nature and growth of service sector in the economy and others relate to procedural aspects of the service tax collection.

The growth of service sector at higher rate offers opportunities as well as challenges to bring under the tax net hitherto uncovered services. This offers tremendous revenue potential to the Government. It is expected that in due course Service Tax would reduce the tax burden on international trade (Customs duty) and domestic manufacturing sector (Excise duty). So a planned growth of service tax would be commensurate with the goals of economic liberalization and globalization. This process requires levy of taxes on new services without substantial rise in the rate or cost of collection.

The administration of service tax requires a separate comprehensive legislation along with distinct administrative machinery exclusively devoted to the collection of service tax. That alone would bring in greater clarity, streamlined procedures, greater taxpayer assistance and a new tax culture of voluntary compliance. . The twin goal of revenue maximization introduction of the culture of voluntary tax compliance also throw up major challenge before the service tax administration in the country.

Please Contact If Any Query

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