

VS ASSOCIATES

(Company Secretaries)

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SERVICE TAX

Formation and function of DGST:

Considering the increasing workload due to the expanding coverage of service tax, it has been decided to centralise all the work and entrust the same to a separate unit supervised by a very senior official. Accordingly, the office of Director General (Service Tax) has been formed in the year 1997. It is headed by the Director General (Service Tax). The functions and powers of Director General (Service Tax) are :

- i) To ensure that proper establishment and infrastructure has been created under different central excise Commissionerate to monitor the collection and assessment of service tax.
- ii) To study the staff requirement at field level for proper and effective implementation of service tax.
- iii) To study as to how the various service taxes are being implemented in the field and to suggest measures as may be necessary to increase revenue collection or to streamline procedures :
- iv) To undertake study of law and procedures in relation to service tax with a view to simplify the service tax collection and assessment and make suggestions thereon:
- v) To form a data base regarding the collection of service tax from the date of its inception in 1994 and to monitor the revenue collection from service tax:
- vi) To inspect the service tax cells in the Commissionerate to ensure that they are functioning effectively :
- vii) To undertake any other functions as assigned by the Board from time to time.

3.A.

- i) The Directorate of Service Tax has been co-ordinating between the Board and Central Excise Commissionerates. It also monitors the collection and the assessment of Service Tax. The Service Tax Revenue Reports, received from various Central Excise Commissionerates, are compiled at the Directorate and the performance of the Commissionerates/Zones in Service Tax collection are being monitored for corrective actions.
- ii) During the course of Inspection of the Central Excise Commissionerates, the Inspection team of this Directorate has in variably pointed out the requirement of the staff in field level for proper and effective implementation of Service Tax. The Directorate has also suggested necessary measures to be adopted to increase service Tax revenue collection. The grey areas and evasion prone services

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have been brought to the notice of the Commissionerate for conducting effective Surveys/Audit.

- iii) The Directorate of Service Tax has drafted a separate act for Service Tax and the Rules therefor and has forwarded the same to the Ministry for approval vide letter F.No.V/DGST/30-Misc-56/2000 dtd. 19/02/2001. The Service Tax manual has also been prepared and forwarded to Board for approval and issue during year 2001. The correspondences received from field formations and service providers are scrutinised from law and the clarifications sought for are replied to wherever possible. In cases where the doubts/clarification sought involved policy matter, the Board has been apprised for issuing clarification/instruction.
- iv) This Directorate has taken up the issue of forming a database regarding register of the assessee and collection of Service Tax in co-ordination with the Directorate of Systems.
- v) The Directorate has also recommended electronic administration in implementation of Service Tax to bring transparency in tax administration and avoid interfacing between Service providers and tax authorities. The Board has also instructed the Commissionerate to feed the figures of service tax revenue collection in the system on line before 7th of every month. The Directorate of Service Tax has advised all the Central Excise Commissionerates to re-consile service tax collection with the help of T.R.-6 challans and the statements of the P.A.O.
- vi) The Directorate of Service Tax has been conducting inspection of Central Excise Commissionerates. During the course of inspection, verification of Service Tax records, maintained by the Commissionerate, is done. Staff of Service Tax Cell are also guided suitably in proper implementation of Service Tax and maintenance of records. A meeting with the Service Tax officers is always conducted in the Commissionerate during inspection. Open-house meeting is also arranged in the Commissionerate wherever it was felt necessary. Problems faced by the assessees in Service Tax compliance are sorted out in the open-house meeting with the members of various service providers associations.

Presently there are 65 Central Excise Commissionerates and 6 Service tax Commissionerates within the jurisdiction of 23 Central Excise Zones. The 6 Service Tax Commissionerates have been established in Mumbai, Delhi, Kolkata, Chennai, Ahmedabad & Bangalore.

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