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News Alert
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Service Tax Voluntary Compliance Encouragement Scheme, 2013

A scheme has been introduced by the Government to encourage taxpayers and non payers to come forward and pay off past 'tax dues' without interest, penalty and prosecution. As the name itself suggests, assessees are encouraged to take benefit of this scheme.

Highlights of the scheme

- The scheme requires declaration of true liability and payment of 'tax dues' within stipulated time frame to avail immunity from interest, penalty and prosecution.
- Payment dates:
 - Fifty percent of 'tax dues' has to be paid on or before 31 December, 2013;
 - Balance has to be paid on or before 30 June, 2014;

Where, the balance payment is made after 30 June, 2014 but on or before 31 December, 2014, interest will be payable under section 75.

- 'Tax dues' have to be paid in cash, CENVAT credit cannot be utilised for the same.
- Steps involved:

Step 1: Specified declaration form (VCES-1) to be filed by assessee before 31 December, 2013;

Step 2: Acknowledgment to be issued by the designated authority in form (VCES-2) within 7 working days from the date of receipt of declaration;

Step 3: Certificate of discharge to be issued by the designated authority in form (VCES-3) upon full payment of 'tax dues'.

Important aspects

'Tax dues': Service tax owed to the Central Government for the period from 1 October, 2007 to 31 December, 2012, but unpaid as on 1 March, 2013. 'Tax dues' are to be computed separately for each service if the dues relate to more than one service during the period covered by the declaration.

Registration: Any person opting for this scheme needs to have service tax registration. Non-registered persons need to obtain registration before filing the declaration

Exceptions/ Exclusions:

- Any person who has been issued notice or an order of determination under section 72 or 73 or 73A of service tax provisions in respect of 'tax dues'. Notice or order not covering the 'tax dues' will not be considered;

- Any person who has furnished service tax return and disclosed true liability in respect of 'tax dues' but has not paid the disclosed amount of service tax or part thereof;
- Any person against whom an inquiry or investigation has been initiated by way of (a) search of premises; (b) issuance of summons; (c) requiring production of accounts, documents, etc; or (d) initiation of audit; and such inquiry, investigation or audit is pending as on 1 March, 2013.

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