

Tax Hotline

November 27, 2001

AUDIT OF SERVICE TAX ASSESSES

Service tax was introduced in India in 1998. In the current year, service tax at the rate of 5% has been introduced on 15 new services. The Finance Ministry is planning to kick off selective audit of established service tax assesses. The idea of doing this is to ensure that there is no evasion of tax and compliance with the set rules. Hence, it is likely that stock brokers and telephone service providers are likely to come under the taxman's lens. The Central Board of Excise and Customs (CBEC) is also set to step up surveys to bring more assesses under the service tax net. Since, services form nearly 50% of the Gross Domestic Product (GDP) in India, it has also been recommended by the Government of India that widening of the tax base be done through taxation of services.

Source: Business Line, November 27, 2001.

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