

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 4862
TO BE ANSWERED ON FRIDAY, DECEMBER 16 2016
AGRAHAYANA 25, 1938 (SAKA)**

TAX LEVIED ON AIR SERVICE COMPANIES

**4862: SHRI CHANDRAKANT KHAIRE:
SHRI PRATAPRAO JADHAV:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of taxes levied by the Government/CBEC on air service companies;
- (b) whether there are outstanding taxes against the said companies;
- (c) if so, the details thereof during the last three years and the current year; and
- (d) the steps taken by the Government/CBEC to recover the outstanding taxes?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SANTOSH KUMAR GANGWAR)**

(a) to (c): Income-tax in general is levied on various companies, including Air Services Companies (although no such terms find place under the Income-tax Act, 1961) as per the provision of the Act.

Central Excise duty and Customs duty are not levied on air service companies, as the goods, which are being traded, if imported/manufactured, are cleared on payment of duty of Customs/Central Excise, as the case may be, at the time of import/clearance from the factory, respectively. However, all taxable services provided in taxable territory in India by air service companies are levied to service tax under Section 66B of the Finance Act, 1994 provided those services are not excluded from the definition of service or are in the Negative list or are exempted. Thus, liability will arise depending on the nature of activity and not the sectoral nature.

The details of such taxes levied by Government on Air Services is not centrally maintained.

(d): Action for recovery of outstanding taxes including Air Service Companies is taken in accordance with the provisions of the Income-tax Act, 1961 on continuous basis. There is a detailed plan for recovery of tax arrears. Strategies and targets to collect the same are laid down in the beginning of every financial year as part of the Central Action Plan document. Efforts of the assessing officer to collect/recover the outstanding demand are regularly reviewed/monitored by the superior authorities. Databases like Individual Transaction Statement and 360-degree profile generated by the Department and those maintained by other agencies like FIU-IND have been made available to the field units for identification of assets for recovery. Guidelines for Tax Recovery Officers for recovery and guidelines to field authorities for dealing with stay petitions have been issued. Efforts for early disposal of appeals are also undertaken. A new reward scheme for information leading to recovery of arrears has been notified.
