

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

**LOK SABHA  
UN-STARRED QUESTIONS NO. 2139  
TO BE ANSWERED ON *Friday, May 6, 2016*  
*Vaisakha 16, 1938 (Saka)***

**TAX COLLECTION**

2139. SHRI A. ARUNMOZHITHEVAN:  
SHRIMATI VEENA DEVI:  
SHRIMATI KAMLA DEVI PAATLE:  
SHRI OM BIRLA:

Will the Minister of FINANCE be pleased to state:

- (a) the details of estimate and collection actually made of direct and indirect taxes, head-wise during each of the last three financial years;
- (b) the date-wise, name-wise details of the taxes, duties, surcharges levied and recovered during the last year along with the goods on which these taxes have been imposed; and
- (c) the various steps taken or proposed to be taken to improve the tax collection and boost the economy of the country?

**ANSWER  
MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(JAYANT SINHA)**

- (a) The details of estimate and collection actually made of direct and indirect taxes during the last three years head-wise is at annexure.
- (b) Swachh Bharat Cess (SBC) was levied with effect from 15<sup>th</sup> November, 2015 on all taxable services except those are in the negative list or exempted otherwise. The total collection under Swachh Bharat Cess in Financial Year 2015-16 is Rs. 3901.78 crore (provisional). Infrastructure Cess was imposed in the Union Budget 2016-17 on motor vehicles falling under heading 8703 of the First Schedule of the Central Excise Tariff Act, 1985. The infrastructure cess has been made effective from 1<sup>st</sup> March, 2016. The total collection under Infrastructure Cess during March, 2016 is Rs. 288 crore (provisional).
- (c) For improving the Direct and Indirect tax collection, following measures have been taken:-

**Direct Tax**

- Monitoring of advance payments by top taxpayers;
- Recovery of outstanding taxes;
- Monitoring payment of tax deducted at source by top deductors;
- Organizing awareness programmes regarding TDS/TCS provisions for proper compliance;

- Utilizing third party information available through Annual Information Report (AIR), Central Information Bureau (CIB) and other agencies for detection of cases of tax evasion and new tax-payers;
- Early disposal of high demand assessments and appeals for early recovery of demand;

Contd/p.2

2

- Multi-media campaign to encourage voluntary compliance of tax laws;
- Monitoring of payment of Dividend Distribution Tax and Regular Assessment tax etc;
- Search and seizure in suitable cases to deter tax evasion.

Steps have been initiated to reduce tax related litigations and disincentivised framing of high pitched assessments, which will result in reduction of demands stuck in litigation. Also, guidelines for grant of reward to informant for providing information leading to recovery of tax dues have been recently framed. Efforts are continuously underway to make filing of all types of returns, statements, applications, etc under the Income Tax Act and their processing online, leading to an increasingly efficient, informed and taxpayer friendly tax administration. These measures in turn are encouraging more voluntary compliance with tax laws leading to improvement in tax collection.

### **Indirect Tax**

A numbers of steps have been taken to increase the indirect tax collections, for instance, widening the tax base by comprehensive taxation of all services (introduction of Negative List approach to taxation of services w.e.f 1<sup>st</sup> July 2012) and reduction of exemptions in Central Excise, Customs and Service Tax wherever possible. The Negative List has been further pruned in successive budgets and exemptions have been rationalized. Similarly on the Central Excise side exemptions are reviewed continuously and where feasible these have been rationalized.

Besides, other measures taken to improve the compliance levels are mandatory e-filing of returns and e-payment of taxes, high interest rates for delayed payment, extensive use of third party sources such as State VAT department, Income Tax etc. for compliance verification, taxpayer education and media campaign.

Measures taken by the Government in the Budget, 2016-17 to improve indirect tax collection are mentioned below:

### **Customs & Central Excise:**

- Clean Energy Cess [now called Clean Environment Cess] levied on coal, lignite and peat has been increased from Rs.200 per tonne to Rs.400 per tonne.
- An Infrastructure Cess @ 1%, 2.5% and 4% has been imposed on certain specified motor vehicles.
- Excise duty on Aerated waters, lemonade and other waters, containing added sugar or other sweetening matter or flavoured has been increased from 18% to 21%.
- Additional Excise Duty on cigarettes has been increased on non-filter and filter cigarettes of various lengths so that the aggregate of duties of excise on such cigarettes increases by about 10%.
- Specific rates of Excise duty on Cigar and cheroots, Cigarillos, Cigarettes of tobacco substitutes, Cigarillos of tobacco substitutes and other forms of tobacco substitutes has been increased by about 10%.
- Excise duty on Gutkha, chewing tobacco (including filter khaini) and jarda scented tobacco has been increased from 70% to 81%, Excise duty on unmanufactured tobacco has been increased from 55% to 64%. Further, excise duty on pan masala has been increased from 16% to 19%. Accordingly, duty payable per machine per month for each of these tobacco products has also been revised upwards.

- Excise duty on Aviation turbine fuel [ATF], other than for supply to aircraft under the Regional Connectivity Scheme, has been increased from 8% to 14%.
- Excise duty of 2% (without CENVAT credit) and 12.5% (with CENVAT credit) has been imposed on branded readymade garments and made up articles of textiles of retail sale price of Rs.1000 or more. Also, tariff value of these goods has been increased from 30% of the retail sale price to 60% of the retail sale price.
- Excise duty of 1% (without CENVAT credit) and 12.5% (with CENVAT credit) has been imposed on Articles of Jewellery [excluding silver jewellery, other than studded with diamonds/other precious stones].
- Basic Customs Duty on Cashew nuts in shell has been increased from Nil to 5%.

Contd/p.3

3

### **Service Tax**

- An enabling provision has been incorporated in the Finance Bill, 2016 to empower the Central Government to impose a Krishi Kalyan Cess on any or all the taxable services at a rate of 0.5% on the value of such taxable services. The proposed levy will come into force with effect from 1<sup>st</sup> June 2016.
- The Negative List entry covering 'service of transportation of passengers, with or without accompanied belongings, by a stage carriage' has been omitted [section 66D (o) (i)]. Consequently, service tax would be leviable on transportation of passengers, with or without accompanied belongings, by air-conditioned stage carriage.
- Finance Act, 1994 was amended vide Finance Act, 2015 so as to make any service (and not only support services) provided by Government or local authority to business entities taxable from a date to be notified later. 1st April, 2016 has been notified as the date, from which any service provided by Government or local authority to business entities shall be taxable.
- Assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof has been proposed to be declared as a service under the Finance Act 1994.
- Exemption is being withdrawn in respect of the following services,-
  - (i) Services provided by a senior advocate to another advocate or to a law firm;
  - (ii) Services provided by a person represented on an arbitral tribunal to an arbitral tribunal.
  - (ii) Exemption to the services of transport of passengers, by ropeway, cable car or aerial tramway is being withdrawn.
  - (iii) Exemption to construction, erection etc., of monorail or metro is being withdrawn, in respect of contracts entered into on or after 1<sup>st</sup> March 2016.
- Abatement on shifting of used household goods by a Goods Transport Agency has been rationalized at the rate of 60%.

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