

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5155  
ANSWERED ON:10.12.2010  
DEMAND FOR MORE POSTS OF AC IN CENTRAL EXCISE  
Devappa Anna Shri Shetti Raju Alias

**Will the Minister of FINANCE be pleased to state:**

- (a) whether hardly fifty percent of the service tax assessee file their service tax return;
- (b) if so, the reasons therefor; and
- (c) the reaction of the Government in the matter?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) Yes Sir, majority of the zones (offices of Chief Commissioner of Customs & Central Excise) have reported that 45 % to 50 % of the registrants are not filing ST - 3 returns.

(b) Assessee who are registered do not file their returns because,

# they have closed down their business

# they are exempt from service tax being small scale assessee (having turnover of Rs. 10 lakh and below).

(c) In such cases, the assessee are required under Rule 4 (7) of Service Tax Rules 1994 to surrender their registration. Many of them, however, do not do so, leading to a mismatch between the number of ST3 returns filed and the number of registered assessee. When a person who is required to take registration or is required to file a return, fails to do so, action is initiated against them under Section 77 of the Finance Act 1994 for imposition of penalty.