

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4773  
ANSWERED ON:04.05.2012  
WRITING OFF OF OUTSTANDING TAXES  
Alagiri Shri S. ;Choudhary Shri Harish

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

- (a) the criteria adopted for writing off of Direct and Indirect Taxes;
- (b) the amount of Direct Tax and Indirect Tax written-off during each of the last three years and current year alongwith reasons for rise in the amount and reaction of the Government thereto;
- (c) whether the names of concerned companies/persons have been made public; and
- (d) if not, the reasons therefor alongwith the reactions of the Government thereon?

**Answer**

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

(a): So far as direct taxes are concerned, tax arrears can be written-off if these have become irrecoverable either due to non-traceability or due to absence of any attachable assets of the assessee-in-default and the period of irrecoverability has exceeded a specified number of years. The power to write-off tax arrears is delegated upon different income tax authorities depending upon the quantum of the tax arrears to be written off. So far as indirect taxes are concerned, powers have been delegated to write off irrecoverable tax arrears of Central Excise duty and Customs duty to the subordinate authorities vide provisions contained in entry (iv) of Schedule VII of the Delegated Financial Power Rules, 1978 (DFPR). The powers have been delegated to the Chief Commissioners and the Commissioners to write off irrecoverable arrears of Central Excise duty and Customs duty upto Rs. 15 lakh and Rs. 10 lakh respectively. However, they have full powers for abandonment of irrecoverable amounts of fine and penalty imposed under the Customs Act, 1962 and Central Excise Act, 1944. The powers to write off indirect tax arrears above the specified limits vest in the Ministry of Finance, as per provisions of Rule 5 of DFPR. Instructions are also issued from time to time to the field formations to take up the matters relating to write off of irrecoverable indirect tax arrears in accordance with the statutory provisions.

(b): The data of direct taxes written-off is not available centrally and therefore, the same cannot be given. However, so far as indirect taxes are concerned, the total amount of Central Excise duty and Customs duty written off during the last three years and the current year is as under:

Year    Amount written off  
(Rs. In lakh)

2009-10	47.50
2010-11	124.48
2011-12	1.00
2012-13	Nil
Till date	

The criterion for writing off indirect taxes against a defaulting company arises when no assets of the company are available or assets are liquidated through Official Liquidator and Debt Recovery Tribunal etc. The written off amount of indirect taxes has been negligible as compared to gross revenue receipts of indirect taxes.

(c) & (d): So far as direct taxes are concerned, the names of concerned companies/persons have not been made public, as adequate measures are taken to locate the assessee-in-default and the attachable assets (if any), before the tax arrears are written off in a specific case. With regard to indirect taxes, Section 37 E of the Central Excise Act, 1944, Section 154 B of the Customs Act, 1962 and the Service Tax (Publication of Names) Rules, 2008 authorise the publication of the names of persons against whom proceedings have been initiated for recovery of duty /tax arrears. The names and other details of such defaulters are available on the website of Central Board of Excise and Customs. However, the names of the concerned companies/ persons whose irrecoverable tax arrears have been written off are not made public as this has already been done when the arrears are outstanding.