

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:76  
ANSWERED ON:08.08.2012  
QUESTION CASES OF INDIRECT TAXES  
Semmalai Shri S.

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

- (a) the details of cases registered for evasion of excise duty and service tax by the Directorate of Central Excise Intelligence and the quantum of tax evasion involved during 2010-11 and 2011-12;
- (b) the total amount of tax evasion recovered from the evaders for the above period;
- (c) the modus operandi adopted by the tax evaders; and
- (d) the measures the Directorate has taken to plug the loopholes in the system?

**Answer**

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

(a) and (b): The requisite information is as under:

Rs. In crore

Financial Year	Central Excise	Service Tax
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No. of cases involved	Amount recovered	No. of cases involved	Amount recovered
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2010-11	453	1471.01	127.49	457	4400.28	291.82
2011-12	350	982.80	238.79	450	5012.90	434.27

(c) The modus operandi adopted by the tax evaders for the evasion of Central Excise duty is, inter alia, (i) mis-use of CENVAT Credit by way of procuring the invoices only without receiving the goods and also by utilizing the common inputs for exempted as well dutiable goods, (ii) Misclassification, (iii) violation of area based exemption and (iv) clandestine production and removal. For the evasion of Service Tax, the modus operandi include, inter alia, undervaluation, outright evasion, non- payment of Service Tax under reverse charge mechanism.

(d) The measures taken by the Directorate to plug the loopholes include strengthening of intelligence network, identification of evasion prone commodities Services, co-ordination and sharing of information with other agencies and also issuing modus operandi circulars to the field formations.