

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1470  
ANSWERED ON:13.12.2013  
SERVICE TAX EVASION BY INSURANCE COMPANIES  
Singh Shri Prabhunath

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

(a) Whether several life insurance companies have been deducting service tax from agent's commission and but not depositing with the service tax department thereby evading huge amount of service tax;

(a) If so, the details thereof;

(b) Whether the Directorate General of Customs Excise Intelligence (DGCEI) has sent show cause notices to leading life insurance companies for evading service tax of around Rs 1,000 crores;

(c) if so, the details thereof; and

(d) the replies submitted by them and action taken thereon by DGCEI?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI J.D. SEELAM)

(a) & (b) Yes. The Directorate General of Central Excise Intelligence (DGCEI) has detected 18 cases (out of which 4 cases are under investigation) of service tax evasion against life insurance companies which have deducted service tax agent's commission but have not deposited the same in the Government account, resulting in evasion of service tax. The details of such cases are enclosed as Annexure-'A'.

(c) to (e) Yes, the Directorate General of Central Excise Intelligence (DGCEI) has issued show cause notices to leading life- insurance companies for evasion of service tax. These include notices reflected in Annexure 'A'. The details are enclosed as Annexure - 'B'. In all these cases, after receipt of the reply from the company and after giving them an opportunity of being heard in person, an appealable order will be passed by the adjudicating authority.