

PENALTIES UNDER SERVICE TAX

Section 76 (as effective from 14.05.2015)

Penalty has been proposed to be maximum of 10% of such amount of tax.

Section 76 as amended w.e.f. 14.05.2015 provides for levy of penalty in circumstances other than those having means rea or intent to evade tax. However, in following circumstances, the penalty shall stand reduced automatically:

Where such service tax and interest is paid within a period of thirty days of the date of service of notice under sub-section (1) of section 73 i.e. within thirty days of receipt of Show Cause notice	No penalty
Where such service tax and interest is paid within a period of thirty days of the date of the date of receipt of the order of the Central Excise Officer determining the amount of service tax under sub-section (2) of section 73	The penalty payable shall be twenty-five percent of the penalty imposed in that order, provided such reduced penalty is also paid within such period

Section 78 (as effective from 14.05.2015)

Section 78(1) of the Finance Act,1994 provides that penalty shall be imposed when service tax has not been levied or paid or has been short-levied or short paid or erroneously refunded due to any of the following reasons:

1. Fraud;
2. Collusion;
3. Willful mis-statement;
4. Suppression of facts;
5. Contravention of any provision

Penalty shall be equal to hundred per cent. of the amount of such service tax.

However, in following circumstances, the penalty shall stand reduced automatically:

a. Where such service tax and interest is paid within a period of thirty days of the date of service of notice under sub-section (1) of section 73	b. the penalty payable shall be fifteen per cent. of such service tax, provided such reduced penalty is also paid within such period
c. Where such service tax and interest is paid within a period of thirty days of the date of the date of receipt of the order of the Central Excise Officer determining the amount of service tax under sub-section (2) of section 73	d. the penalty payable shall be twenty-five per cent. of the service tax so determined, provided such reduced penalty is also paid within such period

W.e.f. May 14, 2015 Section 80 has been deleted.