

CHAPTER X : MINISTRY OF HUMAN RESOURCE DEVELOPMENT

Department of School Education and Literacy

10.1 Irregular payment

Failure of the Ministry to comply with the provisions of service tax Act resulted in injudicious payment of ` 26.45 lakh as service tax.

The services relating to accommodation provided by hotels have not been notified by the Government of India, Ministry of Finance under the Service Tax Act.

Services on Event Management were brought under Service Tax net with effect from 16 August 2002 wherein Event Management meant any service provided in relation to planning, promotion, organizing or presentation of any art, entertainment, business, sports or any other event and includes any consultation provided in this regard.

The Ministry of Human Resource Development (HRD) organized National Awards functions for meritorious teachers on Teachers Day in 2007 and 2008. For making arrangements of boarding and lodging of invited teachers, the Ministry entrusted the work to M/s Ashok Reservations and Marketing Services (M/s ARMS), India Tourism Development Corporation (ITDC). The event was organized at Vigyan Bhawan, New Delhi.

Audit scrutiny revealed that the Ministry had made payments of ` 1.11 crore in 2007-08 and ` 1.29 crore in 2008-09 to M/s ARMS for making boarding and lodging arrangements of award winning teachers in ITDC hotels that included the payment of ` 12.24 lakh and ` 14.21 lakh respectively as Service Tax. The payment of Service Tax of ` 26.45 lakh was incorrect as M/s ARMS had provided only boarding and lodging facilities and did not manage the event.

The Ministry in its reply stated (February 2010) that service tax is not on the event but on the services provided on managing an event. Therefore, the accommodation provided by M/s ARMS clearly invite the imposition of service tax.

The Ministry, while reiterating its earlier stand stated (January 2011) that the ITDC (M/s ARMS) had already deposited the service tax to the Government of India. It was not possible to obtain the refund of the same.

However, in the instant case, the event was organized by the Ministry itself. The provision of accommodation by M/s ARMS was not related to event management as the firm was not event manager. Therefore, the provision of event management service, which stipulates that the service should be provided by an event manager, is not attracted in this case.

Failure of the Ministry to ensure compliance with the provisions of the Service Tax Act resulted in injudicious payment of ` 26.45 lakh.