

## Executive Summary

- The department does not have a mechanism to arrive at a reliable estimate of value of taxable services imported. The department has however, initiated steps (since November 2011) to utilise primary data available with authorised dealers; the process is ongoing. (Paras 2.7 and 2.8)
- The department did not have any prescribed specific accounting codes or any alternative mechanism to arrive at reliable figures of the taxes collected relating to import of services. (Para 2.7)
- The system was not robust enough to provide information on the gap between the collectible tax and the tax actually collected. (Para 2.7)
- The department did not have a system to utilise data available with the Income Tax department relating to remittances to NRIs. (Para 2.12)
- RBI permits remittances towards import of services irrespective of non-fulfilment of corresponding service tax liability by the service recipient, in the absence of any requirement for submission of an undertaking by remitter/certificate from Accountant on the lines of the prescription in Income Tax.(Para 2.13)
- There was no system of calling for an Annual Information Return from identified parties such as authorised dealers. (Para 2.22)
- Non-fulfilment of liability by export oriented units and associated enterprises indicated the need for strengthening of monitoring on this front. (Paras 3.7 and 3.11)
- The department did not have in place a system to utilise data on high value transactions of specific nature available with certain Central Ministries/RBI to check possible cases of evasion of tax. (Para 3.16)