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Centre serves show-cause notice on Corporation

Short payment of Rs. 4.03-crore service tax from 2011 to 2015

The Centre has issued a show-cause notice to the city Corporation for short payment of Rs. 4.03 crore in service taxes from 2011 to 2015. The show-cause notice is based on the Annual Financial Statement (AFS) for these financial years.

The local body maintains that this is an inflated figure due to the errors in the financial statements prepared by it.

It has now employed a chartered accountant to sift through the financial statements for these years to correct these errors and reduce the amount that it has to pay in service taxes. The issue came up for discussion in the council meeting held on Tuesday.

The show-cause notices are for short payment of Rs. 3.25 crore from the financial years 2011-12 to 2013-14 and for Rs. 77,91,228 for the financial year 2014-15.

“The service tax is for the various rent collections of the Corporation. However, since all the systems, especially in the zonal offices, are not properly connected together, there have been some discrepancies in the calculation.

Miscalculation

From what we know, this mammoth amount came from calculating the service tax based on the total revenue, instead of just the rent collections. So, we have employed a chartered accountant to get the accurate numbers for these years. It is a complicated work to sift out these amounts,” said Deputy Mayor Rakhi Ravikumar.

The service tax for the financial year 2011-12 has now been calculated again and the amount has come down drastically, compared to the earlier calculations. The issue caused a minor uproar among the Opposition councillors, who connected

it to the recently presented Corporation budget, and accused the Deputy Mayor of presenting inflated figures in the Budget. However, she hit back saying that the show-cause notice was for the years till 2015 and the recent Budgets did not have such problems.

AMRUT rating

In the credit ratings as part of the Central Government's Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the city Corporation has been given a rating of 'BWR BB,' as per which it is a local body with "moderate degree of safety and carrying moderate credit risk."