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BUDGET ANALYSIS 2011

FOREWORD

The Union Budget 2011-12 presented by the Honorable Finance Minister Mr. Pranab Mukherjee is quite placid and can neither be classified as populist nor reformist. The Budget fails to adequately address key concerns of spiraling inflation, FDI in retail and containment of black money stashed overseas.

The FM however having taken serious note of the ballooning current account deficit has taken steps to encourage foreign investment through increase in the limit of investment by FIIs in corporate debt and liberalization of the portfolio investment scheme, wherein he has permitted all foreign investors to invest in Indian mutual funds.

Backed by a resilient economy, the Finance Minister's disciplined fiscal deficit target of 4.6% for 2012 brought instantaneous cheer to the stock markets. We believe that the recapitalization of the Indian banking sector and thrust on infrastructure and rural expenditure would allow the economy to maintain its growth momentum.

The corporate sector has benefited from the reduction in surcharge rates, however the increase in MAT rates may adversely affect a few. On personal taxes, the budget has brought some cheer to senior citizens by reducing the qualifying age from 65 to 60 and introducing an additional category of very senior citizens being persons over the age of 80 years.

With a view to seek a closer fit between the current indirect tax regime and GST, the FM has retained the peak rate of 10% for both excise duty and service tax as well as broadened the ambit of the taxes.

February 28, 2011 **Mumbai**

I DIRECT TAXES

A TAX RATES

1 PERSONAL TAX

- Tax slab

Tax Rate	Present Slab	Proposed Slab
10%	INR 160,001 to INR 500,000	INR 180,001 to INR 500,000
20%	INR 500,001 to INR 800,000	INR 500,001 to INR 800,000
30%	Above INR 800,000	Above INR 800,000

Saving in tax of INR 2,000 for taxable income of INR 180,000.

- Basic exemption limits

Category	Present	Proposed
Individual, HUF, etc.	INR 160,000	INR 180,000
Woman (below 60 years)	INR 190,000	INR 190,000
Woman (60 to 65years)	INR 190,000	INR 250,000
Senior Citizen (60 to 65 years)	INR 160,000	INR 250,000
Senior Citizen (above 65 to 80 years)	INR 240,000	INR 250,000
Senior Citizen (above 80 years)	INR 240,000	INR 500,000

2 CORPORATE TAX

- No change in basic tax rate.

- No surcharge in case of companies with total income of less than INR 1 crore.

- For companies with total income of INR 1 crore or more, surcharge reduced from 7.5% to 5% for domestic companies and from 2.5% to 2% for foreign companies.

3 Education Cess and Secondary & Higher Secondary Cess

- Remains unchanged at 2% and 1% respectively in all cases.

4 Effective rate of tax at maximum slab

Category	Present	Proposed
Individual, HUF, AOP, BOI & Firm	30.90%	No Change
Domestic Companies		
▪ Income upto INR 1 Crore	30.90%	No Change
▪ Income of INR 1 Crore & above	33.22%	32.45%
Foreign Companies		
▪ Income upto INR 1 Crore	41.20%	No Change
▪ Income INR 1 Crore & above	42.23%	42.02%
Dividend Distribution Tax	16.61%	16.22%

B Minimum Alternate Tax (MAT)

- MAT increased from 18% to 18.50%.
- Effective MAT rate (including surcharge & cess as applicable)

Category	Book Profit up to INR 1 crore	Book Profit above INR 1 crore
Domestic Companies	19.055%	20.00%
Foreign Companies	19.055%	19.44%

- Currently SEZ developers and units in SEZ are exempt from MAT which is sought to be withdrawn.

C Alternate Minimum Tax (AMT) for Limited Liability Partnership (LLP)

- Presently, LLP is not subject to any minimum tax like MAT on companies.
- It is proposed to levy AMT on LLP at 18.5% of adjusted total income (ATI).

- ATI shall be total income as increased by the deductions claimed under Chapter VI-A and under section 10AA (SEZ).
- AMT credit shall be allowed to be carried forward up to ten subsequent years. Such credits shall be allowed in the year in which regular income tax exceeds AMT to the to the extent of such excess.
- Report of Chartered Accountant to be obtained for computation of AMT.

D DIRECT TAX CODE

- To be effective from 1st April 2012

E INVESTMENT LINKED DEDUCTION

- Investment linked deduction in respect of capital expenditure now extended to the business of
  - developing and building a housing project under a scheme of affordable housing framed by the Central or State Government and notified by the Board if it commences operations on or after 1st April 2011
  - production of fertilizer in India if it commences operations on or after 1st April 2011 in a new plant or in a newly installed capacity in an existing plant.
- Presently, loss of these businesses (specified business) is allowed to be set off only against profits and gains of any other specified businesses. It is now clarified that loss of such specified business will be allowed to be set off against other specified business, whether such other specified business is eligible for investment linked deduction or not.

F TAX HOLIDAY FOR POWER SECTOR

- Deduction of profits and gains is allowable under section 80IA to an undertaking which
  - is set up for generation and distribution of power and it begins to generate power at any time during the period 1st April 1993 to 31st March 2011;
  - starts transmission or distribution by laying a network of new transmission or distribution lines at any time during 1st April 1999 to 31st March 2011;
  - undertakes substantial renovation and modernisation of existing network of transmission or distribution lines at any time during 1st April 2004 to 31st March 2011.

- Terminal date of 31st March 2011 is extended by one year i.e. till 31st March 2012.

G TRANSFER PRICING

1 COMPUTATION OF ARM'S LENGTH PRICE (ALP)

- Currently, if the variation between the actual price of the international transaction and the ALP does not exceed 5% of the actual price, then no adjustment is made and the actual price is treated as ALP.

- It is proposed that instead of a variation of 5% across all segments, the allowable variation will be such percentage as may be notified by the Central Government.

2 REFERENCE OF INTERNATIONAL TRANSACTIONS

- Currently, Transfer Pricing Officer (TPO) can determine the ALP in relation to an international transaction referred to him by the Assessing Officer (AO).

- It is proposed that TPO, in addition to international transactions referred to him by AO, can take into account any other international transaction which comes to his notice during the course of the proceeding before him.

- It is also proposed to enable the TPO to exercise the power of survey conferred upon an income-tax authority under section 133A of the Act.

- These amendments will be effective from 1st June 2011.

H TRANSACTIONS WITH PERSON LOCATED IN A NOTIFIED JURISDICTIONAL AREA

- It is proposed to insert provisions to deal with transactions undertaken with persons located in any country or jurisdiction which does not effectively exchange information with India.

- Salient features –
  - Central Government to notify any country or territory outside India, as a notified jurisdictional area;

- In respect of any transaction with a person located in a notified jurisdictional area –
  - all the parties to the transaction to be deemed to be associated enterprises;
  - the transaction to be deemed to be an international transaction; and transfer pricing regulation (except permissible variation to ALP) to apply to such transaction;
- No deduction to be allowed of any payment made to any financial institution unless the assessee furnishes an authorisation to income-tax authority to seek relevant information from the said financial institution;
- No deduction to be allowed of any expenditure or allowance (including depreciation) arising from the transaction with a person located in a notified jurisdictional area unless the assessee maintains such other documents and furnishes the information as may be prescribed;
- In respect of any sum received from a person located in the notified jurisdictional area, onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee;
- Payment made to a person located in the notified jurisdictional area shall be liable to TDS at the rate in force or rate specified in the Act or 30% which ever is higher.

- These amendments will be effective from 1st June 2011.

I DIVIDEND FROM FOREIGN SUBSIDIARY

- Currently, dividend received by an Indian Company from foreign companies is taxable at applicable rate of 30% plus applicable surcharge and cess.

- Dividend from foreign subsidiary company will now be taxed at 15% plus applicable surcharge and cess. Further no expenditure or deduction in respect of such dividend will be allowed.

J DIVIDEND DISTRIBUTION TAX (DDT)

- Presently, DDT is not chargeable in respect of dividend distributed out of total income of an undertaking engaged in the business of developing and operating or developing, operating and maintaining SEZ (SEZ developer)

- It is now proposed to discontinue the exemption from DDT in case of SEZ Developer in respect of dividend declared, distributed or paid after 1st June 2011.

K TAX ON INCOME DISTRIBUTED TO UNIT HOLDERS

- Presently, a Mutual Fund is liable to pay additional income tax on the income distributed to its unit holders.

- It is proposed to amend the provision as under -

Distributor	Recipient	Existing Rate	Proposed Rate
Money Market Mutual Fund or Liquid Fund	Individual/HUF	25%	25%
	Others	25%	30%
Debt Fund other than Money Market Mutual Fund or Liquid Fund	Individual/HUF	12.5%	12.5%
	Others	20%	30%

- Dividend will continue to be exempt in the hands of unit holder.

- These amendments will be effective from 1st June 2011.

L MISCELLANEOUS

1 INVESTMENT IN LONG TERM INFRASTRUCTURE BONDS

- Deduction of INR 20,000 available to Individual and HUF on subscription to long-term infrastructure bonds is proposed to be extended for one more year and accordingly investment made during Financial Year 2011-12 will be eligible for deduction.

2 EXEMPTION OF INCOME OF INFRASTRUCTURE DEBT FUND

- Income of any notified infrastructure debt fund set up in accordance with the guidelines as may be prescribed by the Government to be exempt from income tax.

- Interest received by a non-resident from such notified infrastructure debt fund to be taxable at 5% on gross interest.

- Such notified infrastructure debt fund will be liable to deduct tax at source @ 5% on any interest paid/payable to a non-resident.

- These amendments will take effect from 1st June 2011

3 Weighted Deduction on Scientific Research

- Presently, weighted deduction of 175% of the sum paid to National Laboratory, University, IIT or specified person for carrying out approved scientific research program is allowed from the business income.

- The weighted deduction is proposed to be increased to 200% from 175%.

4 Deduction for Contribution to New Pension System (NPS)

- Presently, there is no provision for allowing contribution to NPS as business expenditure in the hands of employer. It is now proposed to allow such contribution to the extent of 10% of salary as deduction while computing income of the employer.

- Presently, aggregate deduction of INR One lakh is available to an employee in respect of investments under section 80C (life insurance premium, provident fund contribution etc.), 80CCC (contribution to pension fund) and 80CCD (Contribution to pension scheme by both employer and employee). It is now proposed that contribution by the employer to the pension scheme shall not be included while computing overall deduction of INR One lakh.

5 Charitable Trust

- Under existing provisions, charitable trust having "the advancement of any other object of general public utility" as its object will loose exemption if it carries on any activity in the nature of trade, commerce or business for a cess, fees or any consideration provided total receipts from such activity do not exceed INR 10 lakhs.

- The limit of INR 10 lakhs is proposed to be raised to INR 25 lakhs.

6 Filing of Return Of Income

- The due date for filing of return of income is proposed to be extended from 30th September to 30th November in case of a company, which is required to furnish a Transfer Pricing report under section 92E. This will be effective from 1st April 2011 (i.e. Assessment Year 2011-12).

- Further it is proposed to exempt salaried tax payer from filing tax return if the entire tax liability is discharged by the employer through TDS. Accordingly, the Central Government will have powers to exempt any class or classes of persons from the requirement of furnishing a return of income, having regard to such conditions as may be specified. This will be effective from 1st June 2011.

7 REPORTING ACTIVITIES OF LIAISON OFFICE (LO)

- Presently, a non resident is not required to file return of income of its liaison office in India.

- Non resident will have to furnish, within sixty days from the end of the financial year, a statement of activities of LO in the form as may be prescribed. This is effective from 1st June 2011

8 TIME LIMIT FOR ASSESSMENT IN CASE OF EXCHANGE OF INFORMATION

- Time limit has been prescribed for completion of assessment proceedings. It is proposed to exclude the time taken in obtaining information from foreign tax authorities or a period of six months, whichever is less, while computing the period of limitation for completion of assessment and reassessment.

- The above amendment is effective from 1st June 2011.

9 SETTLEMENT COMMISSION

- Presently, person, in whose case search is conducted or books of accounts are requisitioned, as the case may be, is eligible to approach Settlement Commission for settlement.

- It is now proposed that in addition, a person related to the said person can also approach Settlement Commission.

- The eligibility criteria for application to Settlement Commission

Particulars	Additional tax on income to be disclosed in the application	
	Existing Limit	Proposed Limit
In case of proceedings resulting from search or as a result of requisition of books of account	INR 50,00,000	INR 50,00,000
The applicant related to the person referred above and in whose case	Not Applicable	INR 1,000,000

proceedings have also been initiated as a result of search.		
In any other case	INR 1,000,000	INR 1,000,000

- The provisions are proposed to provide for rectification by the Settlement Commission, within six months from the date of its order, of any mistake apparent from the record.

- Similar amendments relating to rectification are proposed in Wealth Tax Act.

- These amendments are effective from 1st June, 2011.

10 DOCUMENT IDENTIFICATION NUMBER

- The provisions relating to allotment and quoting of Document Identification Number is proposed to be omitted even before they came into force.

11 EXTENSION OF TIME LIMIT FOR RECOGNISITION TO PROVIDENT FUNDS

- Provident funds recognized on or before 31st March 2006, are required to obtain exemption under section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, by 31st December, 2010 to retain recognition.

- The time limit for satisfying above condition has been extended from 31st December 2010 to 31st March 2012.

II SERVICE TAX

A TAX RATES

- No change in the rate of service tax.

B SERVICE TAX LIABILITY ON ACCRUAL BASIS INSTEAD OF CASH BASIS

- The service tax liability now to be discharged on accrual basis instead of on cash basis

C NEW SERVICES ADDED (EFFECTIVE DATE TO BE NOTIFIED)

Services provided by	Nature of service & effective tax rate
Restaurants having liquor license	Fully or partially air-conditioned restaurants which have license to serve alcoholic beverages will be required to charge service tax on food/ beverages including alcoholic beverages served in premises. After proposed abatement of 70% the effective tax rate would be 3.09%.
Hotel, inn, guest house, club or campsite, etc.	Providing accommodation having tariff rate in excess of INR 1,000 per day for a continuous period not exceeding three months. After proposed abatement of 50%, the effective tax rate would be 5.15%.

D SCOPE OF CERTAIN SERVICE EXPANDED (EFFECTIVE DATE TO BE NOTIFIED)

Category of Service	Present	Proposed
Health Services	▪ Services provided by hospital, nursing home etc to employee of business entity where the payment was made directly by the business entity. ▪ Service provided to a person covered under a health	▪ All services provided by clinical establishment including diagnostic services with the aid of laboratory or other medical equipment. ▪ Services provided by a doctor not being an employee of such clinical establishment from the premises of such establishment.

	insurance scheme where the payment is made directly by the insurance company.	▪ Clinical establishment is defined as ▪ Hospital, maternity home, dispensary etc having central air-conditioning facility either in full premises or part of the premises and having more than 25 beds at any point of time during the year or ▪ An entity owned and managed by any person or body of person as an independent entity or part of clinical establishment which carries out diagnosis of diseases through various investigations with the aid of laboratory or other medical equipment. ▪ Other relevant points ▪ Government hospitals & establishment owned / controlled by local authority not covered. ▪ Abatement of 50% has been proposed and hence the effective tax rate would be 5.15%.
Life Insurance Services	▪ Only services in relation to the risk cover was covered ▪ In case of policy with investment (composite policy) the insurer had an option to allocate 1% of the total premium towards insurance and pay service tax on it.	▪ Scope has been widened to cover all services provided to a policy holder or any other person by an insurer & re-insurer. ▪ Tax shall be charged on the portion of the premium other than what is allocated for investment when the break-up is available. ▪ The composition rate (for composite policy i.e. risk and investment) has been increased from 1 % to 1.5%.
Club or Association	▪ Only services to members were covered.	▪ Services to non-members now included.

Services		
Authorized Service Station Services	▪ Only services provided by service station authorized by manufacturers were covered ▪ Services should be in relation to motor car, light motor vehicle or two wheeler motor vehicle.	▪ Services provided by any person are covered. Accordingly definition of Authorized Service Station is deleted. ▪ Covers all motor vehicle other than those meant for goods carriage and three wheeler scooter autorickshaw. ▪ Decoration of vehicles has now been included.
Business Support Services	▪ Services in relation operational assistance for marketing.	▪ Services provided by way of operational or administrative assistance in any manner.
Legal Consultancy Services	▪ Advisory services, consultancy services or any other assistance provided to a business entity by any other business entity.	The following would now also be covered ▪ Advisory, consulting and any other assistance provided by a business entity to an individual. ▪ Representation services provided by any person to business entity. ▪ Services in relation to arbitration provided by an arbitral tribunal to any business entity.
Commercial Training & Coaching Services	▪ Institute providing recognized certificates were excluded.	▪ Unrecognized courses provided by an institute also providing recognized courses.

E EXEMPTIONS AND AMENDMENT TO EXEMPTIONS[1]

- Services provided by an organizer of business exhibitions in relation to business exhibitions held outside India.

- 25% abatement for 'transportation of goods through Costal and Inland shipping'.

[1] Effective from 1st March 2011 except otherwise stated

- Works Contracts
  - Construction or finishing of new residential complex under certain government schemes.
  - Services provided within a port or airport.

- Rashtriya Swasthya Bima Yogna under 'General Insurance' service.

- Value of air freight included in the assessable value of goods for charging custom duties to be excluded from the value of taxable services under 'transport of goods by air' (Effective from 1st April 2011).

- Services related to transportation of goods by road, rail or air where both the origin and destination are located outside India. (Effective from 1st April 2011).

- Modification in scheme for refund of service tax paid to SEZ unit / SEZ developers. Outright exemption for services consumed wholly within SEZ and refund on proportionate basis for others.

- The rates of service tax on travel by air are revised (Effective from 1st April 2011)
  - Increase of INR 50 for domestic travel (economy class).
  - Increase of INR 250 for international travel (economy class).
  - In case of domestic travel (other than economy class) - the applicable service tax was earlier INR 100 per travel, which would now be at standard rate i.e.10%.

- Retrospective effect has been given to notification exempting service tax on inter-state or intra-state transport of passengers in an approved vehicle from 1st April 2000 to 6th July 2009.

F AMENDMENT TO SERVICE TAX RULES, 1994[2]

- The time period of 14 days for raising of invoices was earlier based on completion of services which will now be based on provision of service.

- The rate of tax for the service provided or to be provided shall be the rate prevailing at the time when the services are deemed to be rendered.

- The monthly / quarterly due date were earlier based on the month / quarter in which the payment was received. It is now proposed that

[2] Effective from 1st April 2011

relevant month / quarter for due date would be the one in which the services are deemed to be provided.

- In respect of service tax paid in advance, the same can be adjusted if the services are not rendered and the refund / credit note are provided.

- Limit for adjustment of excess service tax paid has been increased from INR One lakh to INR Two lakhs.

- In respect of sale and purchase of foreign exchange - reduction in composite rate from 0.25% to 0.1% of gross amount of currency exchanged towards discharge of service tax liability.

G POINT OF TAXATION RULES[3]

- The provision of service shall be treated as having taken place at the time when service is provided or to be provided.

- In case, service provider issues an invoice or receives the payment before the service is provided or to be provided, the service shall be deemed to have been provided to extent of invoice or payment whichever is earlier.

- Detailed guidance as regards applicable tax rate based on various situations has been provided in case of change in the rate of tax and for new services introduced.

- Continuous Supply of Service
  - In case of a continuous supply of service, the whole or part of which is determined or payable periodically or from time to time shall be treated as separately provided at the date on which payment is liable to be made by the service receiver (if such date is specified in the contract).
  - If the invoice is raised or money is received before the time specified above, the service shall to the extent covered by the invoice or payment made will be deemed to have been provided at the time the invoice was issued or payment was received whichever is earlier.

- In respect of associated enterprises the point of taxation would be earlier of (a) date of payment, (b) invoice date or (c) date of entry in books of account.

- In case of copyrights, royalties etc where the whole amount of consideration for provision of service is not ascertainable at the time when

[3] Effective from 1st April 2011

services are performed and subsequently the use or the benefit of services gives rises to any payment, the service shall be treated as having been provided each time when a payment is received or invoice is raised whichever is earlier.

H AMENDMENT TO EXPORT OF SERVICE RULES & TAXATION OF SERVICE RULES (PROVIDED FROM OUTSIDE INDIA AND RECEIVED IN INDIA)

- Provision of preferential location or external or internal development of complex has been included in export of services in relation to immovable property situated outside India.

- Changes in export of taxable services provided fully or partly outside India.

Services now added	Services excluded / removed
▪ Rail Travel Agent's Services ▪ Health Check-up and Treatment Services	▪ Transport of Goods by Air Service ▪ Technical Testing and Analysis Service ▪ Credit Rating Agency Services ▪ Market Research Agency Services ▪ Transport of Goods by Road Service ▪ Opinion Poll Services ▪ Transport of Goods by Rail Service

I AMENDMENT TO SERVICE TAX (DETERMINATION OF VALUE) RULES 2006 [4]

The following amendments have been made with respect to value of money changing service with effect from 1st April 2011

- For a currency exchanged either from or to Indian rupees, shall be equal to the units of currency exchanged multiplied by the difference in the buying rate or the selling rate as the case may be and the RBI reference rate for that currency.

- In case RBI reference rate is not available, the value of taxable service would be 1% of the gross amount of Indian rupees provided or received.

- When neither of the currency exchanged is an Indian rupee, than the value of the 1% of the lesser of the two amounts the person changing the money

[4] Effective from 1st April 2011

would have received by converting any of the two currencies into Indian rupee on that day.

J AMENDMENT IN CENVAT CREDIT RULES

- Definitions of input, input services, capital goods, exempted goods and services have been amended to bring more clarity.

- Cenvat credit to be reversed in case the payment made towards the invoice of input service is received back from the service provider.

- Utilization of credit for paying duty on concessional goods will not be allowed.

- Exempted and Non exemption services
  - In case where the separate books are not maintained for exempt and non exempt services, the full credit can be availed by paying service tax on exempt services. The rate of tax payable on such exempt services is now reduced from 6% to 5%.
  - Provides an option to maintain separate books of account for input alone and reverse the credit as per the turnover ratio.
  - Earlier certain services were listed where full input credit was available unless specifically used for providing exempt services. This clause has been deleted and hence the input credit on such services will now required to be taken as per the rules applicable to exempt and non-exempt services.

- Only 50% of the Cenvat credit availed will be available for utilization for payment of service tax under 'Banking and Other Financial Services'.

- Only 80% of the Cenvat credit availed will be available for utilization for payment of service tax under 'Life Insurance Service and Management of Investment under ULIP'.

- In respect of Works contract, Cenvat credit of tax paid on input services relating to (i) construction of complex, (ii) commercial or industrial construction or (iii) erection, commissioning or installation services shall be available only to the extent of 40% of the service tax paid when such tax has been paid on the full value of service after availing Cenvat credit. (Effective from 1st March 2011).

K PENALTY AND OTHER PROCEDURAL CHANGES

- Benefit of reduction in penalty which was available in cases of fraud, collusion etc. is now withdrawn.

- Penalty @ 1% per month subject to maximum of 25% of tax in cases where additional tax becomes payable on the basis of audit, verification or investigation based on central excise officer's notice.

- Penalty for failure to pay service tax within due date is reduced from 2% p.m to 1% p.m. Maximum liability reduced from 100% to 50% of tax.

- Maximum penalty for suppressing value of taxable service is reduced from 200% to 100% of tax due.

- New provision in cases where additional tax becomes payable on account of suppressing value of taxable service based on audit, verification or investigation.
  - Maximum penalty of 50% of tax due
  - Maximum penalty of 25% of tax due if tax due is paid within 30 days (90 days for assesses having turnover of less than INR Sixty lakhs)

- Interest on delay in payment of service tax increased from 13% to 18%. Rate of interest for delay in payment of service tax is reduced by 3% for assesses having turnover of less than INR Sixty lakhs.

- Increase in maximum penalty from INR 5,000 to INR 10,000 for failure to obtain registration, not maintaining or retaining relevant records, failure to furnish information sought for, not paying the service tax electronically where required or does not issue invoice in accordance with the specified rules.

- Increase in maximum penalty from INR 2,000 to INR 20,000 in cases of delay in filing of Service tax returns.

- Penalty levied for suppressing value of taxable services can now be waived only in cases where transactions are captured in the specified records. Earlier penalty could be waived if it was proved that there was reasonable cause for the said failure.

- New provision inserted so as to create first charge on property of the defaulter.

- The Central Board of Excise & Customs after considering monetary limits will issue administrative instructions regarding cases where appeals/ revision etc not to be filed by the department.

- The provisions pertaining to prosecution re-introduced for offences pertaining to providing services without issue of Invoice, wrong availment of input credit, failure to supply information as required by the law, failure to deposit service tax amount beyond period of 6 months from the due date. The imprisonment term ranges from 1 year to 3 years.

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