

Benefit to Informers

It is a well known fact that Government's main source of revenue is Taxes. Taxes are collected from citizens and the same are utilised by the Government for building infrastructure, providing educational services, health services, etc. Some citizens do not pay taxes liable to be paid by them *i.e. they evade payment of tax*. These tax evaders resort to tax evasion by adopting various illegal methods.

On account of non payment of taxes by tax evaders who are liable to pay the same, Government stands to lose revenue. Government has its own internal mechanism to catch such tax evaders. However, in order to curb such illegal activities and to unearth tax evasion, Government also seeks the help of public. In this regard Government has framed a scheme of rewards to "Informers" who help them in detection of tax evasion.

This Scheme of rewards also exists in Central Excise department and rewards are given to "Informers" who give concrete information about tax evaders. Members of the Public who are desirous of passing on information about the evasion of Central Excise duty have the facility of contacting the local Central Excise Officers for confidentially passing on the "information". The following are a few guidelines in Q & A form for "Informers" who like to help detection of Central Excise Duty evasion:

Who is an informer?

Any person other than the Officers of the Central Excise who has the requisite information relating to evasion of duty is an informer.

What is an information?

An information is any useful message received from the public or any person for that matter revealing fraudulent evasion of duty. It is the message based on which the department officials conduct further enquiry and investigation.

Who can give information?

Any person who is aware of the illegal activities of the manufacturing units or any Central Excise assessee can give an information.

Whom should an informer contact?

An informer with an information and can contact Central Excise department and deliver the information to any Officer of the rank of Inspector and above.

How to give an information?

An information has to be given in writing addressed to the Head of the department, after affixing the signature of the person giving the information along with the left-hand thumb impression. Informers have the facilities of meeting the officers at office or even outside the office at mutually convenient places for passing on the information.

What should an information contain?

An information should contain details of the evasion known, such as name & address of the unit, method adopted for the evasion, the persons responsible and all other relevant details connected with the evasion.

What are the common methods of evasion adopted with regard to Central Excise?

Manufacture and clearance of excisable goods without obtaining Central Excise Registration. Suppression of production (*i.e. manufacturing the goods without properly accounting the same in the records.*) Mis-declaration / under-valuation of the product. (*i.e. manufacturing under the guise of repair..etc/ selling the goods at higher price than that is declared in invoices*)Clandestine removal. (*i.e. removing the goods without accounting the same and with out payment of duty*). Even a transporter who stores such unaccounted goods is liable for action.

How does the department receive an information?

The department acknowledges the information. The Departmental Officers are bound to maintain secrecy about the Informers and the source of information. The name and address of the informer is kept confidential.

What benefit does an informer get?

An informer is given the cash reward if the information given is correct and the duty payable by the assessee is recovered.

What is the eligible reward amount and how it is disposed?

The eligible reward amount is up to 20% of the duty evasion detected and realised.

What is the punishment for false information?

If any false information is given to the department, legal action can be initiated against the informer.