



COMMERCIAL TAXES AND
RELIGIOUS ENDOWMENTS DEPARTMENT

93-94

DEMAND No. 4

**TAMIL NADU GENERAL SALES TAX
AND
OTHER TAXES AND DUTIES
ADMINISTRATION**

©
GOVERNMENT OF TAMIL NADU
1993

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1. INTRODUCTION:

Commercial Taxes Department is one of the three departments, the performance of which comes under the purview of the Commercial Taxes and Religious Endowments Department at the Secretariat level. The Commissioner of Commercial Taxes is the Head of the Commercial Taxes Department. The Commissioner is assisted in the headquarters by Joint Commissioners, Deputy Commissioners and Assistant Commissioners. In the field, the Commissioner is assisted by Deputy Commissioners (Territorial) and Joint/Deputy Commissioners (Enforcement).

The Commercial Taxes Department Administers the following Acts:-

1. The Tamil Nadu General Sales Tax Act, 1959
2. The Tamil Nadu Additional Sales Tax Act, 1970.
3. The Tamil Nadu Sales Act (Surcharge) Act, 1971.
4. The Central Sales Tax Act, 1956.
5. The Tamil Nadu Entertainments Tax Act, 1939.
6. The Tamil Nadu Local Authorities Finance Act, 1961.

7. The Tamil Nadu Betting Tax Act, 1935.
8. The Tamil Nadu Tax on Luxuries in Hotels and Lodging Houses Act, 1981.
9. The Tamil Nadu Advertisement Tax Act, 1983.
10. The Tamil Nadu Tax on Entry of Motor Vehicles into Local Areas Act, 1990.

The State gets the largest part of its revenue, accounting for about 70 per cent of the total revenue receipts, through Commercial Taxes. The revenue collected by the Commercial Taxes Department in the year 1992-93 upto 28th February 1993 is Rs.2736.55 Crores against the anticipated revenue of Rs.2800 Crores for the year. The revenue receipt for last year i.e. 1991-92 was Rs.2,575.70 Crores as against Rs.2,167.16 Crores collected during the year 1990-91.

2. REVENUE AND EXPENDITURE OF THE COMMERCIAL TAXES DEPARTMENT:

Year	Income (Rupees in Crores)	Expenditure (Rupees in Crores)
1988-89	1,502.73	20.77
1989-90	1,759.02	23.28
1990-91	2,167.16	28.30
1991-92	2,575.70	31.86
1992-93	2,736.55	28.18
	<i>(Upto 28.2.1993)</i>	<i>(Upto December 1992)</i>

3. THE COMMERCIAL TAXES DEPARTMENT FUNCTIONS IN FOUR WINGS:

They are:-

(i) Assessment Wing (ii) Appellate Wing, (iii) Enforcement Wing; and (iv) Audit Wing.

(i) ASSESSMENT WING: There are 312 assessment circles in the State. Out of these, 6 assessment circles are headed by the Assistant

Commissioners, 214 by Commercial Tax Officers and 92 by Deputy Commercial Tax Officers. During the year 1992-93, 10 assessment circles headed by Deputy Commercial Tax Officers were upgraded into that of Commercial Taxes Officers assessment circles. There were 36 Commercial Taxes Zones in the State. New territorial tax administrative units are opened like Commercial Tax Zones, circles to cope-up with increasing work load, based on need and financial consideration. This is done in a phased manner. Two Commercial Taxes Zones in Coimbatore Division and One Commercial Taxes Zone in Tirunelveli Division were identified for bifurcation and for better administration, and two new zones headed by officers in the rank of Assistant Commissioner were formed at Coimbatore and Sivakasi in 1992-93. An internal audit wing consisting of one Commercial Tax Officer, One Deputy Commercial Tax Officer, one Assistant and one Junior Assistant each was also sanctioned to the newly formed zones.

During 1993-94, it is proposed to bifurcate two Commercial Taxes Zones in Madras Central Division and to create a new zone headed by an Officer in a rank of Assistant Commissioner, with a view to augment the tax revenue and to have effective supervision and control over the assessing officers. It is also proposed to create one internal audit party to the new zone. With a view to equitably distribute the work load among the assessing Officers and to accelerate the tempo of assessment and collection work, ensuring qualitative improvement in both the spheres, it is proposed to bifurcate heavy assessment circles. In 1993-94 it is proposed to bifurcate three assessment circles and to create two new assessment circles in the State thus having five circles now in lieu of the existing three, the new circles are one in the Coimbatore Division and another in Salem Division at a cost of Rs.9.73 lakhs in the year 1993-94.

(ii) APPELLATE WING: As regards appellate side, there are 20 Appellate Assistant Commissioners working under the over all supervision of Chairman, Sales Tax Appellate Tribunal who reviews the progress. The Government are also reviewing the progress in the disposal of appeals, from the administrative point of view. In order to strengthen the appellate wing and to meet the increasing volume of work, two posts of Additional Appellate Assistant Commissioners with supporting staff were sanctioned for Madras City during the year 1992-93.

CONSTITUTION OF TAMIL NADU TAXATION SPECIAL

TRIBUNAL: At present large number of cases involving several crores of rupees under various taxation enactments are pending before the Highcourt, Madras. These amounts lie frozen during the pendency of the cases. In order to ensure speedy disposal of cases that would result in realisation of huge tax amounts due to the Government, the Government have decided to constitute a "Taxation Special Tribunal" and also enacted an Act called "The Tamil Nadu Taxation Special Tribunal Act, 1992". The Special Tribunal shall deal with cases that were hitherto dealt with by the High Court. To start with, the Special Tribunal shall deal with cases under the Tamil Nadu General Sales Tax Act, 1959, Tamilnadu Additional Sales Tax Act, 1970 and the Tamil Nadu Sales Tax (Surcharge) Act, 1971.

The process of framing of "Tamil Nadu Taxation Special Tribunal (Procedure) Rules," Tamil Nadu Taxation Special Tribunal (Salaries, Allowances and Conditions of Service of Chairman, Vice-Chairman and Members) Rules" and "Tamil Nadu Taxation Special Tribunal Service Rules" is going on. The Special Tribunal will be constituted shortly, on completion of administrative arrangements.

(iii) ENFORCEMENT WING: There are four enforcement wings in the State. The Enforcement wing at Madras is working under the control of a Joint Commissioner of Commercial taxes and Enforcement Wings at Madurai Trichy and Coimbatore are working under the control of Deputy Commissioners.

The check posts are also under the control of Joint /Deputy Commissioners (Enforcement). At present, 48 Commercial Taxes Checkposts are functioning in Tamil Nadu, of which, 19 are situated on inter State borders. Of these, 15 Checkposts are housed in permanent Government buildings. The other checkposts are functioning in private buildings or in thatched sheds erected in poramboke lands, according to availability. During the year 1993-94, it is proposed to construct a building at a cost of Rs 3.70 lakhs for Bannari checkpost where lands is available. For the other checkposts attempts are being made to locate and secure suitable sites to construct buildings in a phased manner.

Of the 48 checkposts, 20 checkposts are major checkposts. Of them, 4 checkposts viz. Bonamallee, Hosur, K.G.Chavadi and Ranipet are

two-way checkposts. With a view to avoid congestion of traffic and quicken the checking of transportation in the checkposts, where the average number of vehicles that pass through are more than 1000 per day, the Government are creating two-way checkposts, in a phased manner. As the average number of vehicles that passes through Kaniyur (Karumathupatti) is more than 1200, it is proposed to sanction the creation of Kaniyur outgoing checkpost with supporting staff during the year 1993-94.

There are Roving Squads in the enforcement wing to intercept and check the vehicles which do not pass through the checkposts. Two posts of Deputy Commercial Tax Officers and five posts of Assistant Commercial Tax Officers were sanctioned in the year 1992-93 to strengthen the Roving Squads. With a view to arrest the clandestine movement of evasion prone commodities and to augment the revenue of the Government, it is proposed to create three Roving Squads in the year 1993-94 with headquarters at Trivellore, Bonamallee and Chingalpattu in Madras Enforcement Wing, consisting of one Deputy Commercial Tax Officer, two Assistant Commercial Tax Officers and one Driver for each Squad. It is also proposed to sanction two posts of Deputy Commercial Tax Officers at the rate of one each to Karaikudi and Nagercoil Roving Squads in Madurai Enforcement Wing in order to have uniform pattern of staff in the Roving Squads.

As part of the Government policy to modernise the department and to strengthen communication facilities in the Enforcement wing, Government have sanctioned provision of wireless system to three major and four minor checkposts and also to fourteen mobile units in and around Madras, connecting them by a wireless system, with the Central Unit in the Greams Road building, at a cost of Rs.6.50 lakhs. The Electronic Corporation of Tamil Nadu Limited, Madras has installed the wireless system and it was commissioned on 02.03.1993.

(iv) AUDIT WING: This Department felt the need for an internal audit in order to detect errors and omissions in the assessment and collection of tax and to rectify the same at the earliest, preceding Accountant General's Audit. There are 40 internal audit parties functioning in the State at Present. The internal audit programmes are drawn, by the Deputy Commissioner concerned. In the Head Office, the internal audit work and the reports received from the Accountant

General are attended to by a separate cell supervised by the Joint Commissioner under the control of Commissioner of Commercial Taxes. They also take efforts to make good the loss of revenue and initiate necessary disciplinary action against erring officers. The audit parties take up the audit of assessment and collection made for the previous quarter, in the current quarter. Action on the internal audit reports are pursued by the Assistant Commissioners, (Territorial) till they are settled. Important paras and issues raised by both internal audit parties and Accountant Generals audit parties are watched and dealt with by the Audit Cell in the Office of the Commissioner of Commercial Taxes. To improve the efficiency of the internal audit parties, periodic reviews are made to assess their performance. Latest court decisions and clarifications are communicated to the audit parties by way of circulars and bulletins issued by the Commissioner of Commercial Taxes.

4. BUILDING:

CONSTRUCTION OF GOVERNMENT BUILDING FOR COMMERCIAL TAXES OFFICES:

It is the policy of the Government to have all offices of the Commercial Taxes Department, located in Government buildings in a phased manner. At present the offices of all the Deputy Commissioners are located in Government buildings. Out of 312 assessment circles 140 are functioning in Government buildings. Land has been selected for construction of buildings for the four Assistant Commissioners Offices. The construction of new building for the Commercial Tax Offices at Karur has been completed recently at an estimated cost of Rs.36.20 lakhs. The construction of buildings for the Commercial tax Offices at Sankari has been completed recently at an estimated cost of Rs.12.10 lakhs. Action is being taken to construct an annexe to the Commercial Taxes building at Greams Road, Madras.

It has been proposed to sanction Rs.8 lakhs to construct Government buildings at Vaniyambadi and Arni at Rs.4 lakhs each, during the year 1993-94. In respect of the remaining offices, Government buildings would be constructed in a phased manner after suitable lands are located and acquired.

5. COMMERCIAL TAXES STAFF TRAINING INSTITUTE:

In order to improve managerial efficiency and upgrade the quality of personnel, the Commercial Taxes Staff Training Institute, which started functioning from 1982, imparts training to the officials of the Commercial Taxes Department. The Institute has a teaching faculty headed by a Deputy Commissioner of Commercial Taxes, who is assisted by two Assistant Commissioners of Commercial Taxes and one Commercial Tax Officer. The institute runs refresher courses to officers in the cadre of Assistant Commercial Tax Officer, Deputy Commercial Tax Officer and Commercial Tax Officer. Apart from offering in-service training to the trainees, the Institute arranges for guest lectures on special topics connected with the administration of the commercial taxes department by eminent personalities in the respective fields of specialisation. On completion of training, the trainees undergo performance evaluation test. So far 597 officers in the cadre of Commercial Tax Officers, 1204 officers in the cadre of Deputy Commercial Tax Officers and 1748 officers in the cadre of Assistant Commercial Tax Officers have been given training in the Institute.

To ensure that the data are sent by the officers in a meaningful, appropriate format for computerisation, a certain computer awareness and appreciation is needed. Therefore, for the officers of the department at the level of Assistant Commissioners and below, computer based training courses are conducted in a phased manner from last year. So far 60 Assistant Commissioners and 117 Commercial Tax Officers have been given training in computer. A refresher course has also been conducted by the Special Commissioner and Commissioner of Commercial Taxes for the Joint Commissioners and Deputy Commissioners in Madras City.

6. COMPUTER CENTRE:

In order to collect, store, collate, retrieve, process, information, the Commercial Taxes Department has formulated a project to computerise the following informations:-

- (a) Directory of all registered dealers in the State;
- (b) Monthly commodity-wise turnover and revenue;
- (c) Compilation of data gathered from the checkpoint;

(d) Commodity wise turnover and revenue for different commodities;

(e) Import data collected from Madras Customs House are processed on computer and output prepared for utilisation by the enforcement wing;

(f) Selection by random sample method of cases for detailed check of accounts from assesseees eligible for self-assessment;

(g) Revenue details of top 100 assesseees in each Commercial Taxes division.

(h) Cinema theatre-wise directory;

(i) Service details of the officers of the Commercial Taxes Department.

The computer Centre of the department has been equipped with WIPRO computer system based on 286 chips. The above 286 chips is not able to cope with the requirements of the department in terms of volume and speed. With a view to do the work much faster and improve the capacity, it has been decided to upgrade the existisng 286 chips system to 486 chips system and provide appropriate peripherals and supports at a cost of Rs.35 lakhs during the year 1993-94.

7. TRADERES WELFARE BOARD:

The traders Welfare Board was constituted by the Government to extend assistance to traders. The Government have contributed a sum of Rs.2 Crores. The Chairman of the Board is the Chief Minister. Besides, the Chairman and Vice-Chairman the Board consists of officials and non-officials as Members. The total membership of the Board as on 1.3.1993 is ~~6000~~ 2557

8. GRIEVANCES CELL:

The Grievances Cell was constituted in the year 1984 to provide a forum for traders to represent their grievances. The Cell is headed by the Joint Commissioner (Administration) as Chairman and Joint Commissioner (Public Relations) and Assistant Commissioner (Commercial Taxes) II as Members.

9. SALES TAX ADVISORY COMMITTEE:

With a view to provide a forum, for exchange of views to get feed back of sales tax administration, sales tax advisory committees have been constituted by the Government at the State and District levels. The District Advisory Committees are headed by the respective District Collectors and they consist of non-official members representing Chambers of Commerce, Trade Associations, Co-operatives and Agriculture Institutions in addition to the Official members. The Committee discusses various problems pertaining to the Administration of Sales Tax Acts and Rules. The deliberations of the Committees and suggestions made by them are taken note of for improving the administration and in dealing with the problems faced by the trading community.

10. GRANTS TO CIVIC BODIES OUT OF SURCHARGE COLLECTIONS:

In order to augment the resources of the local bodies, 20 percent of surcharge on sales tax collected every year within the limits of Madurai and Coimbatore Corporations, Special Grade Municipalities and other Municipalities, Town Panchayats and Townships is assigned and paid to the respective civic bodies as grants on population basis. Likewise 50 percent of the realisation from the surcharge on sales tax collected within the city limit of Madras is assigned and paid to the Corporation of Madras as grant.

11. HIGH POWER SALES TAX REFORMS COMMITTEE :

As a long term, measure, broad based High Power Sales Tax Reforms Committee with experts, was constituted by the Government under the Chairmanship of Thiru B. VIJAYARAGHAVAN, I.A.S., to study the structure, rate and incidence of existing taxes thoroughly with a view to provide an efficient and equitable tax system. The Committee has heard the representations of various trade associations before submitting it's report to Government. The Government after considering the report have reduced the number of rates of tax from 17 to 9. This is the boldest tax reform being undertaken since 1959 as already mentioned in the Budget speech by Hon'ble Minister (Finance). The details of tax revision have been given in the Annexure.

12. TRENDS IN REVENUE COLLECTIONS:

The trends in revenue collected under various Acts administered by the Commercial Taxes Department are presented below:-

A. TAMIL NADU GENERAL SALES TAX ACT, 1959:

Revenue realised under the Tamil Nadu General Sales Tax Act, 1959 during the years 1988-89 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1988-89	1,218.86
1989-90	1,426.04
1990-91	1,779.03
1991-92	2,130.27
1992-93 (Upto February 1993)	2,274.26

B. CENTRAL SALES TAX ACT, 1956:

Revenue realised under the Central Sales Tax Act, 1956 during the years 1988-89 to 1992-93 are as follows:-

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1988-89	213.00
1989-90	240.04
1990-91	276.07
1991-92	329.84
1992-93 (Upto February 1993)	330.54

C. TAMIL NADU ENTERTAINMENTS TAX ACT, 1939 AND TAMIL NADU LOCAL AUTHORITIES FINANCE ACT, 1961:

Revenue realised under the above Acts for the years 1988-89 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1988-89	63.21
1989-90	68.64
1990-91	69.62
1991-92	68.56
1992-93 (Upto February 1993)	69.08

D. TAMIL NADU BETTING TAX ACT, 1935:

Revenue realised under the above Act for the years 1988-89 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1988-89	4.72
1989-90	5.70
1990-91	5.66
1991-92	4.67
1992-93 (Upto February 1993)	4.67

E. TAMIL NADU TAX ON LUXURIES IN HOTELS AND LODGING HOUSES ACT, 1981:

Revenue realised under the above Act, for the years 1988-89 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1988-89	2.87
1989-90	17.98
1990-91	17.04
1991-92	17.46
1992-93 (Upto February 1993)	20.13

F. TAMIL NADU ADVERTISEMENT TAX ACT, 1983:

Last year, the advertisement through slides exhibited in cinema theaters was exempted from levy of advertisement tax. The revenue realised under the above Act for the years 1988-89 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Lakhs)
1988-89	7.44
1989-90	6.89
1990-91	7.00
1991-92	6.00
1992-93 (Upto February 1993)	5.00

G. TAMIL NADU TAX ON ENTRY OF MOTOR VEHICLES IN TO LOCAL AREAS ACT, 1990:

This Act came into force with effect from 20th February 1990. The Revenue realised under this Act for the year 1989-90 to 1992-93 are as follows:

PERIOD	GROSS RECEIPTS (Rs.in Crores)
1989-90	0.55
1990-91	19.67
1991-92	24.84
1992-93 (Upto February 1993)	37.82

S. D. SOMASUNDARAM
Minister for Revenue

ANNEXURE

Tax revision announced in the Budget for 1993-94:

Name of item	Existing Rate (Percent)	Revised Rate (Percent)
Turmeric	4	3
Chillies	4	3
Coriander	4	3
Soap nut	4	3
Tamarind	4	3
Pepper	4	3
Jaggery, Gur	6	3
Vanaspathi	8	5
Groundnut oil	4	3
Coconut oil	4	3
Gingilee oil	4	3
Refind oil	4	3
Wheat products	4	3
Kerosene	4	3
Coffee seeds	6	5
Coffee Powder	6	5
Instant Tea	6	5
Kaskasa	8	5
Nut mug (Jathikkai)	8	5
Jeera	6	5
Hand made soap	4	3
Drugs and medicines	6	5
Plastic products	6	5
Aluminium utensils	4	3

Name of item	Existing Rate (Percent)	Revised Rate (Percent)
Bricks	4	3
Dry cells	9	8
Gunnies	5	3
Blood donor set	8	5
Intravenous set	8	5
Surgical instruments	10	5
Tools	10	8
Motors	10	8
Raw films (cine)	6	5
Cotton waste	6	5
Conduit Pipes and fittings	10	8
Motor vehicles tyres and tubes	9	8
Machinery	10	8
Welding electrodes and rods	10	8
Jute twine	8	3

THE RATE OF THE FOLLOWING ITEMS ARE BEING REVISED UPWARDS:-

	Existing Rate (Percent)	Revised Rate (Percent)
	(1)	(2)
Refrigerators	15	16
Floor and Wall tiles	15	16
Lifts	15	16
Marble and marble articles	15	16
Diamonds	10	12
Scents / Perfumes	15	16
Paints and Distemblers	10	12
Airconditioning plants	15	16
Airpurifiers	15	16
Vehicle chassis	6	8
China ware	10	12
Pile Carpets	15	16
Ivory articles and inlaid ivory	10	12
Motor car	5	8
Rifles and Revolvers	15	16
Duplicating Machines	15	16
Petrol	18	20