

**DEMAND NO.4.**  
**POLICY NOTE ON TAX ADMINISTRATION**  
**TAMIL NADU GENERAL SALES TAX AND**  
**OTHER TAXES AND DUTIES ADMINISTRATION**  
**2000-2001**

**INTRODUCTION**

தாளாற்றித் தந்த பொருளெல்லாம்

தக்கார்க்குவேளாண்மை செய்தற் பொருட்டு.

- திருக்குறள்

(பொருளுரை : தகுதி உடையோர் நலனுக்கு  
உதவிடும் பொருட்டே ஒருவன் முயன்று  
திரட்டிய பொருள் பயன்பட வேண்டும்.)

The Government of Tamil Nadu is in the forefront of implementing many innovative schemes and resources have to be found for these schemes. The Commercial Taxes Department plays a major role in mobilising these resources. The levy of sales tax was introduced in Tamil Nadu in the year 1939 and this taxation system has grown to the extent of contributing more than 70%

of the total revenue of our State. This Government introduced a long term taxation policy in the year 1996-97. This policy has been implemented by the Commercial Taxes Department upholding the major principles of a good taxation system and ensuring that --

- (1) The system is fair and equitable.
- (2) It has no harmful effects on the economy, but it promotes growth.
- (3) The procedures are simple for both the tax payers and the administration.
- (4) It is income elastic (i.e. when the economy grows, the system should automatically generate more revenues and it should not become essential for the Government to keep raising the tax rates).

2. 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 Central Sales Tax Act, 1956.
- (4) The Tamil Nadu Entertainments Tax Act, 1939.
- (5) The Tamil Nadu Local Authorities Finance Act, 1961.
- (6) The Tamil Nadu Betting Tax Act, 1935.
- (7) The Tamil Nadu Luxury Tax Act, 1981.
- (8) The Tamil Nadu Advertisement Tax Act, 1983.
- (9) The Tamil Nadu Tax on Entry into Local Areas Act, 1990.

3. The recommendations of the Sales Tax Reforms Committee constituted with Thiru C.Thangaraju, I.A.S. (Retired) as Chairman were considered by the Government and orders were issued on most of its recommendations.

4. The long term policy on Tax Administration:

The Government have ensured that the essential goods which all citizens have to buy are not taxed. The necessities are taxed at the

nominal level of 4%. The goods which are considered luxuries are taxed high.

5. The main objectives of our taxation policy, followed by the Government from 1996-97, are:-

- (1) Rationalisation of structure of tax rates and slabs to provide greater transparency of tax rates and simplicity in assessment and collection;
- (2) Introduction of more modern systems and procedures of taxation;
- (3) Relief to a large number of small traders by way of exemptions, compounding and self assessment procedures; and
- (4) Reduction of tax burden on household commodities of day to day use by the common man.

6. On the basis of the long term taxation policy, eventhough there was deficit in the Budget,

taking into account the welfare of the public and industrial growth, the Government gave tax concessions on various commodities over the past five years and the year-wise tax concessions accorded so far are as shown below:-

1996-1997	Rs. 353 Crores
1997-1998	Rs. 143 Crores
1998-1999	Rs. 81 Crores
1999-2000	Rs. 25 Crores
2000-2001 (approximately)	Rs. 76 Crores
Total	Rs. 678 Crores

If the tax concessions accorded are calculated on a recurring basis, the total of tax concessions for the five years amounts to Rs.2,700 crores.

7. A report prepared by a Committee under the Chairmanship of Dr. Raja Chellaiah, an eminent economist was studied and debated by a Committee of Finance Ministers. They arrived at a

consensus and made the following recommendations:-

1. Rationalisation and simplification of tax structure.
2. Harmonisation of rates between States.
3. Gradual shift to Value Added Tax system.

In India, sales tax has by now become the mainstay of all the State Governments. But, this source of income was tending to become stagnant, mainly due to competitive rate wars indulged in by the various States in the hope of attracting more business to their respective State. There was also a lot of competition among the States for extending tax benefits to Industry, with a view to attract new industries and project an investor – friendly image. Thus, the States competing with one another started offering an incredible range of sales tax linked incentives, going up to the waiver of sales tax upto 7 years or deferral of sales tax up to 14 years. All this affected the flow of the tax income

into the treasury, crippling the finances of many a State Government. In these circumstances, on 16.11.99, at a conference of the Chief Ministers and Finance Ministers of all States held by the National Institute of Public Finance & Policy (NIPFP) at New Delhi, it was unanimously decided that the rate wars and incentive wars should stop and that uniform floor rates of tax below which no State would go, should be implemented, in all the States. They decided to do away with all the sales tax linked incentives to industries as well. With the implementation of this policy, it is expected that the State Governments would be able to mobilise sufficient resources in a fair and equitable way, adopting policies which would promote growth of the economy and employment. Concluding the discussion, the Union Finance Minister announced the consensus on the course of action to be taken, as below:

- (1) Implementation of uniform floor rates of sales tax by States and Union

Territories- It was decided that all the States and Union Territories will implement uniform floor rates with effect from 1.1.2000.

- (2) Phasing out of sales tax based incentive schemes including revised definition of backward areas eligible for this scheme: It was unanimously resolved that the offer or grant of any incentive based on sales tax for industries shall be discontinued from 1.1.2000 by all States.
- (3) Finalisation of the modalities and time frame for introduction of Value Added Tax (VAT) by State Governments:- It was decided that VAT would be implemented by all the States and Union Territories from 1.4.2001. The interim period shall be used for preparatory steps, training including computerisation and publicity. The Government of India will extend financial as well as technical

assistance for these activities as may be needed (through NIPFP). The Government of India will also compensate the States if they lose revenue in the initial period by the introduction of Value Added Tax.

- (4) Rationalisation of Central Sales Tax- It was decided that since CST needs to be studied further as it is linked with broadening of tax base of States like service tax, consignment tax and declared goods, the NIPFP will be asked to study further the issue.

### **(1) UNIFORM FLOOR RATES OF TAXATION**

If uniform tax rates are adopted by all States, it will be possible to encourage industry and trade and enhance the revenues of the State without competing on tax rates. Based on the principles agreed upon it became necessary to change the tax rates on many items in our State.

**Changes made following implementation of floor rate system with effect from 23.1.2000.**

- Rate of tax increased from 0.5% to 1% on the sale of bullion and worn out or beaten jewellery.
- Rate of tax increased from 2% to 4% on the sale of modem and speakers, parts and accessories thereof and uninterrupted power supply system.
- Rate of tax increased from 2% to 8% on small transformers used in electronic goods. However the rate of tax for the above items have been decreased from 8% to 4% with effect from 1.4.2000.
- Rate of tax increased from 4% to 8% on the electronic instruments including , cash registers, tabulating, calculating machines, duplicating machines, electronic systems, electronic teleprinter, electronic typewriters, gramophones of all kinds, sound recording and reproducing equipments, television cameras, video cassette player , transistors and pocket radio .

- Rate of tax increased from 4% to 12% on electronic toys and sandalwood oil and from 8% to 12% on sandal wood.
- Rate of tax increased from 10% to 12% on television sets.
- Rate of tax increased from 11% to 12% on Adhesives, aerated waters, Aeronautic goods, cinematographic equipment, clocks, time pieces, crockery and cutlery, dry fruits and wet dates, fireworks including coloured matches, furs and skins with fur, leather goods excluding foot wears, light roofing sheets, motor cars, PVC pipes, rubber products, sound transmitting equipment, wireless reception and transmission equipment. In the meeting of the Standing Committee of State Finance Ministers to monitor the Sales tax reforms, held on 10<sup>th</sup> and 16<sup>th</sup> January 2000 at New Delhi, this Government persuaded the committee to lower the Floor rates prescribed on certain essential goods. On our persuasion, the Government of

India accepted this Government's views and lowered the floor rates on the following goods:-

**A. Goods brought under 0% category :**

Sl.No.	Commodity
1.	Pasteurised Milk
2.	Branded bread
3.	Processed salt
4.	Charcoal
5.	Poultry Feed & Cattle Feed.
6.	Garlic & Ginger
7.	Renewable energy devices and spare parts
8.	Handmade safety matches
9.	Firewood
10.	Agricultural implements
11.	Handpump & spare parts
12.	Aluminium utensils
13.	Agarbathi
14.	Educational writing instruments
15.	Life saving drugs.
16.	Raw silk

17.	Rubber and Plastic chappals and shoes with MRP of Rs.200 or less
18.	Turmeric
19.	Tamarind
20.	Chillies

**B. Goods brought under 4% category :**

Sl.No.	Item
1. (a)	<b>Industrial inputs</b> Non ferrous metal viz., Sulphur, Zinc and Aluminium.
(b)	Belting
(c)	Bearing
(d)	Chemicals such as Barytes, Hydrogen Peroxide, Silicon Carbide, Lime, Caustic Soda and Ferro Silicon.
(e)	Dyes
(f)	Ferro alloy & Super alloy
(g)	Refractory bricks
(h)	Transformers
(i)	Polystyrene
2.	Computer
3.	Tractors & Harvesters

4.	Kirana items
5.	All types of yarn
6.	Sewing thread
7.	Bulk drugs
8.	Dry fruits
9.	IT Products
10.	Ship ( including ship building)
11.	Water pump & oil engines
12.	All kinds of bricks including refractory bricks
13.	Asphaltic roofing

**C. Goods brought under 8% category :**

Sl.No.	Item
1.	Plastic goods
2.	All electricals goods including fans but excluding transformers.
3.	Footwear other than those mentioned under 0% rate.
4.	All types of furniture
5.	Drugs and medicines not mentioned at 0% rate and at 4% rate.
6.	All types of cables.

**(2) PHASING OUT THE SALES TAX BASED INCENTIVE SCHEMES**

The Government have examined the consensus arrived at in the Conference of the Chief Ministers and Finance Ministers carefully and decided that all Sales Tax based incentive scheme will be phased out as detailed below:-

(i) The offer or grant of any new incentive based on sales tax for industries shall be discontinued in Tamil Nadu with effect from 23.01.2000;

(ii) The existing commitments made in respect of industries which have already come in, will be continued for the period of their eligibility; and

(iii) The new industrial units in the pipe-line will be entitled for incentive if such units fulfill the following conditions:-

(a) the unit should be registered with an industrial agency of the State/ Central Government;



- (b) land should have been allotted or purchased for the factory;
- (c) the industries should have applied for finances from a regular financial institution; and
- (d) the industry should start production within two years from 23.1.2000.

With regard to the existing industrial units undertaking expansions/ diversifications, the sales tax based incentives will be available provided that such unit have acquired necessary plant and machinery and equipment on or before 23.1.2000 and would commence commercial production under such expansions/diversifications on or before 22.1.2001.

### **(3) VALUE ADDED TAX SYSTEM**

In our State VAT System was proposed to be implemented with effect from 1.11.1996. According to this, every dealer whose total turnover for a year exceeded Rs. 75 lakhs was to pay a tax on the turnover of resale of goods

at the rate specified in the respective Schedule. But, as the dealers protested, the Government decided to keep the proposal in abeyance and granted exemption from 1.11.96 to 31.3.2000. Now, taking into account the consensus arrived at the said conference of Chief Ministers/Finance Ministers of States and Union Territories, it has been decided and ordered to extend the exemption period for one year i.e. upto 31.3.2001. We have to make new effort to make the scheme helpful for all concerned and then implement it.

### **REFORMS IN CENTRAL SALES TAX SYSTEM**

The National Institute of Public Finance and Policy, New Delhi is making a further study on this subject. The consensus on this subject is awaited from the Union Government.

**8. Other changes in the tax rates made with effect from 1.4.2000 are given below:-**

## **I. Exemption of tax granted**

### **A. Relating to the welfare of the public :**

- Vinca rosea leaves and roots, adisarakku items, hearing aid cords, braided cords, pasteurised milk, bura sugar and sugar candy, unbranded masala powder, unbranded vegetable vathals and frozen semen straws.
- Officers of the Government, Public Sector undertakings or Private Companies who bring the vehicles from outside the State on retirement are exempted from the payment of the whole of the tax payable under the Tamilnadu Tax on Entry of Motor vehicles into Local Areas Act, 1990.

### **B. Relating to the Industrial Promotion:**

- Tamil daily sheet calendars and paper bags and envelopes.

## **II. Reduction in the rates of tax**

### **A. Relating to the welfare of the public :**

- Sales tax on glass and glassware and metal polishes is reduced from 16% to 12% .
- Purchase tax on old and used glass bottles is reduced from 16% to 12% at last purchase point.
- Sales tax on pagers, ceramic bricks and bleached liquid is reduced from 11% to 8% .
- Sales tax on parched gram or fried gram is reduced from 4% to 2% .
- Sales tax on homeopathic and ayurvedic medicines is reduced from 8% to 4% with effect from 4.4.2000.

### **B. Relating to the Industrial Promotion**

- Sales tax on mosaic tiles, ceramic wall and floor tiles and marble stones is reduced from 20% to 12% .

- Sales tax on ceramic sanitary wares falling under entry 3, domestic and commercial electric appliances like the electric iron, washing machines falling under entry 5 and electrical instruments, apparatus and appliances of all kinds falling under entry 7 of Part E of First Schedule is reduced from 16% to 12%.
- Sales tax on electrical goods of all kinds falling under entry 6 of Part E of First Schedule is reduced from 16% to 8%.
- Sales tax on bearings is reduced from 11% to 8%.
- Sales tax on parts and accessories of all electronic goods is reduced from 8% to 4%.

(The rate of tax on the above goods is reduced to prevent diversion of trade in view of the higher rate of tax in the State as compared to neighbouring States. Hence it is expected that there will be no loss of

revenue. The revenue impact of this will be reviewed after six months and necessary changes will be made if there is loss of revenue on these goods).

- Sales tax on sale of Transformer oil to Electricity Board, Neyveli Lignite Corporation and Local Authorities and Cooperative Societies who are licensees under the Indian Electricity Act, 1910, is reduced from 16% to 4%.
- Sales tax on leasing of Cinematographic feature film is withdrawn, with effect from 1.4.2000.

### **III. Measures relating to Mercantile Community**

- Steps have been taken to issue certificate of registration within a week from the date of application.
- It has been decided to renew the registration for a period of 5 years for all dealers eligible for 5 year renewal.

- In order to avoid the delay in getting the required forms from the offices of the Commercial Taxes Department, dealers have been permitted to use some of the required forms printed by themselves.
- The tax on the first Rs.3 lakhs turnover is waived for dealers whose total turnover is above Rs.3 lakhs but below Rs. 10 lakhs, provided no tax has been collected by them on the first Rs. 3 lakhs turnover.

The maximum limit of Rs. 20 lakhs for self assessment is increased to Rupees One crore and the accounts of all dealers whose total turnover is within this limit will be accepted on the basis of certificates issued by Chartered Accountants and assessment orders will be issued. Only 20% of these accounts selected by random sampling through the computer will be checked by the department.

#### IV Additional Revenue

During the year 2000-2001, measures were taken to mobilise additional revenue as follows:-

- Sales tax on soft drinks with a maximum retail price of Rs. 29 and above per litre is increased from 12% to 20% with effect from 1.4.2000.

#### V. Other important changes announced for the year 2000-2001:-

- The option to compound the tax on lottery tickets is withdrawn and it is made compulsory for all dealers in lottery tickets to pay tax only on compounding basis. The slab rate under Compounding tax is revised as follows:-

	<u>Existing rate</u>	<u>Rate to be Revised</u>
Weekly draw	Rs.10,000/-	Rs. 20,000/-
Bimonthly draw	Rs.15,000/-	Rs. 25,000/-

Monthly draw	Rs. 25,000/-	Rs. 40,000/-
Monthly Bumper draw	Rs.40,000/-	Rs. 60,000/-
Special /Festival Bumper draw	Rs.60,000/-	Rs.1,00,000/-

- Luxury tax at 20% on lodging houses with a daily rent of Rs.200/- and above is revised with effect from 1.4.2000, as below :-

Rate of tax

(a) Where the rate of charges for accommodation for residence is not less than rupees two hundred but less than rupees five hundred per room per day.	fifteen per centum of such rate
(b) Where such rate is not less than rupees five hundred but less than rupees one thousand per room per day.	twenty percentum of such rate
(c) Where such rate is rupees one thousand or more per room per day.	twenty five percentum of such rate

- To increase the collection of entertainment tax from Cable TV Operators and to provide additional resource base to the local bodies, the local bodies will be permitted to levy and collect entertainment tax at rates not exceeding the rates prescribed in the Tamil Nadu Entertainments Tax Act, 1939 from the Cable TV Operators.
- The proprietors of theatres in Municipal Corporation areas now paying tax under section 4 of the Tamil Nadu Entertainments Tax Act, 1939 on actual collection basis will be permitted to pay compounding tax at their option. They may opt to pay tax at 22% of the gross collection capacity per show multiplied by 25 for each week and theatres in Special Grade Municipality areas may opt to pay tax at 21% of the gross collection capacity per show multiplied by 25 for each week.

- Entertainment tax on new films payable by theatres under section 4 of the Tamil Nadu Entertainments Tax Act, 1939 is reduced from 30% to 25%. Compounding tax under section 5-A and 5-B is also reduced proportionately.

#### **VI. Samadhan Scheme**

Due to pendency of appeals relating to Commercial Taxes with various appellate authorities for many years, crores of rupees of revenue are due to the Government. In order to ensure speedy collection of a large part of these arrears, Government introduced a scheme in our State called the "Samadhan" scheme. Under this scheme, 1647 applications were processed which resulted in the collection of Rs. 19.27 crores. The Scheme was operative upto 30.9.1999.

#### **9. ORGANISATION AND FUNCTIONS OF THE DEPARTMENT**

##### **I ASSESSMENT WING:**

The wing deals with the levy and collection of taxes due under the Acts administered

by the Department. There are 10 Commercial Taxes Divisions in the State and each Division is headed by a Deputy Commissioner. The Divisions are divided into Commercial Tax Districts and in Chennai and Coimbatore the Commercial Tax Districts are designated as Zones. There are 323 Assessment Circles, inclusive of 6 Fast Track Assessment Circles (4 in Chennai and 2 in Coimbatore headed by Assistant Commissioners). 236 are headed by Commercial Tax Officers and 81 by Deputy Commercial Tax Officers.

##### **II AUDIT WING:**

The Internal Audit Wing, audits all assessment records as per the programme drawn by the Deputy Commissioner concerned. There are 40 Internal Audit Parties. The audit reports of Internal Audit and Accountant General Audit are attended to by a separate Cell under the supervision of Joint Commissioner (Audit) under the overall control of the Commissioner of

Commercial Taxes. The work done by the Audit Wing during the year 1999-2000 is as follows:-

No. of defects pointed out by the internal audit-	49,933
No. of defects rectified in internal audit -	25,399
No. of Accountant General's audit paras pending settlement	12253
No. of Accountant General's audit paras settled-	2636

### III ENFORCEMENT WING

There are seven Enforcement Divisions each headed by a Deputy Commissioner. There are 10 Assistant Commissioners and 15 Commercial Tax Officers in the Enforcement Wing. They function under the control of the respective Deputy Commissioner (Enforcement). The Commercial Taxes Check posts are under the control of Enforcement Wing. The Roving Squads also undertake check of vehicles. At present, there

are 46 Commercial Tax Check posts of which 31 are situated at the State borders. The performance details for the year 1999-2000 are as follows:-

(A). No. of shops inspected :	7,200
D3 proposals evolved:	4,239
Compounding Fees collected	Rs. 0.45 crores
Advance tax collected:	Rs. 10.02 crores
(B) No. of vehicles checked:	12,60,294
Compounding Fees collected:	Rs. 8.32 crores
Advance Tax collected	Rs. 9.09 crores
(C) No. of Cinema shows inspected:	39,005
Compounding Fees collected:	Rs. 0.52 crores
Advance Tax collected:	Rs. 0.15 crores.

With reference to the study report of the Check Post Committee, the Government abolished the following check posts with effect from 31.3.1998:-

- |                   |                          |
|-------------------|--------------------------|
| (1) Avadi         |                          |
| (2) Odanthurai    | (9) Thavittupalayam      |
| (3) Palladam      | (10) Ottanchatram        |
| (4) Chanurapatti  | (11) Kootapuly           |
| (5) Sathur road   | (12) Palavoor vilakhu    |
| (6) Aliyar        | (13) Palavoor village    |
| (7) Kinathukadavu | (14) Sanganapuram        |
| (8) Kadambarkoil  | (15) Kumarapuram vilakku |

#### IV APPELLATE WING

The Appellate Wing is under the control of the Chairman, Sales Tax Appellate Tribunal. There are twenty Appellate Assistant Commissioners and one Deputy Commissioner (Appeals ) each in Chennai and Coimbatore. In order to speed up the disposal of pending appeals, a review meeting of the Appellate Assistant Commissioners and Appellate Deputy Commissioners was conducted under the chairmanship of Secretary to Government, Commercial Taxes Department on 21.9.1999.

During the year 1999-2000, the performance has been as follows:-

No. of Appeals disposed of:	14,900
No. of Appeals pending	14,780
Revenue involved in the appeals allowed	Rs.215.67 crores

#### V. SALES TAX APPELLATE TRIBUNAL

The Sales Tax Appellate Tribunal hears and disposes of the appeals arising out of the orders of the Appellate Assistant Commissioners and Deputy Commissioners (Appeals). There are 4 Benches of the Sales Tax Appellate Tribunal and they are functioning as given below:-

- (1) Chennai (Main Bench), (2) Chennai (Additional Bench) (3) Coimbatore (Additional Bench)  
(4) Madurai (Additional Bench).

The Main Bench at Chennai is headed by the Chairman, in the cadre of District Judge. The



Departmental Member is in the cadre of Joint Commissioner. The second member is from the Indian Audit and Accounts Department in the cadre of Deputy Commissioner. The Additional Benches are headed by the Additional Judicial Members in the cadre of Sub-Judge and in each additional Bench there is an Additional Departmental Member in the cadre of Deputy Commissioner. During the year 1999-2000, the performance has been as follows:-

No. of Appeals disposed of: 3156  
 No. of Appeals pending : 5018

Revenue involved in the  
 appeals allowed. Rs.194.85 crores

#### **VI. TAMIL NADU TAXATION SPECIAL TRIBUNAL**

The Tamil Nadu Taxation Special Tribunal is now functioning in full strength with Chairman, Vice-Chairman Judicial Member and

Administrative Member. During the year 1999-2000, the performance has been as follows:-

	Original petition	Transfer petition	Tax cases		Tax cases		Total
			revision filed in the Tribunal	transferred from High Court	appeal filed in the Tribunal	transferred from High Court	
Opening Balance as on 1.4.99.	1698	88	493	2493	153	712	5637
No. of cases disposed of	1657	28	134	1205	4	271	3299
Balance No. of cases pending	41	60	359	1288	149	441	2338

#### **VII. COMMERCIAL TAXES STAFF TRAINING INSTITUTE, CHENNAI**

In order to improve managerial efficiency, the Commercial Taxes Staff Training Institute, which started functioning at Chennai 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 conducts refresher courses to officers in the cadre of Assistant Commercial Tax Officer, Deputy Commercial Tax Officer and Commercial Tax Officer. The Institute arranges for guest lectures on special topics relevant to tax administration by eminent personalities in the respective fields of specialisation.

The duration of refresher course for the Assistant Commercial Tax Officers is 42 working days and for the Deputy Commercial Tax Officers and Commercial Tax Officers 21 working days.. A condensed training course for the Junior Assistants and Assistants as given in Civil Service Training Institute at Bhavanisagar was conducted in Chennai, Coimbatore, Madurai and Salem benefitting staff members. Besides, computer training is also given to the staff. The performance of the Institution is given below:-

Name of Training course	Up to 1998-99		In 1999-2000		Up to 1999-2000	
	No.of training courses conducted	No.of staff benefited	No.of training courses conducted	No.of staff benefited	No.of training courses conducted	No. of staff benefited
1.Refreshers courses	238	4526	6	125	244	4651
2.Condensed courses	2	220	4	239	6	459
3.Computer training	59	912	29	694	88	1606
Total	299	5658	39	1058	338	6716

## 10. COMPUTERISATION IN COMMERCIAL TAXES DEPARTMENT

To make the Commercial Taxes Department computer literate and also with a view to introduce transparency in administration, a massive and comprehensive Computerisation Scheme was introduced in the department in a phased manner. In the first phase, 140 assessment circles, 18 Zonal Assistant Commissioners' Offices, 5 Deputy Commissioners' Offices in Chennai and Coimbatore Divisions and 9 border check posts, Government Secretary's Office, Commissioner's Office and the Computer

Centre of the Department were provided with computers at a cost of Rs.3.57 crores. General information regarding the Commercial Taxes Department, the procedures for registration, tax payment and the current tax rates of commodities are available in the Website at "www.tnsales tax.com". The National Informatics Centre software team is currently engaged in the designing of other important modules, like the Demand, Collection and Balance, package which is nearing completion.

## 11. TRENDS IN REVENUE COLLECTION

During the financial year 1999-2000 , amidst adverse factors and general economic recession, the department has put in all efforts and collected Rs. 7380.65 crores.

**1. Details of revenue realised under all the Acts administered by this Department during the years 1995-96 to 1999-2000 are as follows:**

### I. TAMIL NADU GENERAL SALES TAX ACT, 1959.

Period	Gross Receipts (Rupees in crores)
1995-96	4,118.57
1996-97	4,717.19
1997-98	4,963.06
1998-99	5,455.46
1999-2000	6185.37*

\*Not reconciled with the treasury figure.

### II. CENTRAL SALES TAX ACT, 1956.

Period	Gross Receipts (Rupees in crores)
1995-96	590.63
1996-97	672.06
1997-98	706.82
1998-99	779.31
1999-2000	812.62*

\* Not reconciled with the treasury figure

### III. TAMIL NADU ENTERTAINMENTS TAX ACT, 1939 .

Period	Gross Receipts (Rupees in crores)
1995-96	98.96
1996-97	107.82
1997-98	108.55
1998-99	90.95
1999-2000	86.01*

\*Not reconciled with the treasury figure.

### IV. TAMIL NADU BETTING TAX ACT, 1935

Period	Gross Receipts (Rupees in crores)
1995-96	6.67
1996-97	6.42
1997-98	6.52
1998-99	5.40
1999-2000	5.48*

\*Not reconciled with the treasury figure

### V. TAMIL NADU TAX ON LUXURIES ACT, 1981.

Period	Gross Receipts (Rupees in crores)
1995-96	50.77
1996-97	60.69
1997-98	64.71
1998-99	68.85
1999-2000	70.60*

\* Not reconciled with the treasury figure

### VI. TAMIL NADU ADVERTISEMENT TAX ACT, 1983.

Period	Gross Receipts (Rupees in crores)
1995-96	NIL
1996-97	0.05
1997-98	NIL
1998-99	NIL
1999-2000	NIL

As no revenue is derived, in this aspect, the Government are examining the issue of repealing the Act.

VII. TAMIL NADU TAX ON ENTRY OF  
MOTOR VEHICLES INTO LOCAL AREAS  
ACT, 1990.

Period	Gross Receipts (Rupees in crores)
1995-96	157.77
1996-97	185.96
1997-98	213.02
1998-99	182.63
1999-2000	220.57*

\* Not reconciled with the treasury figure.

2. Revenue and Expenditure of the Commercial  
Taxes Department:-

(Rupees in crores)

Year	Revenue	Expenditure	% of exp- enditure in revenue
1995-96	5023.37	52.52	1.05
1996-97	5751.19	59.93	1.04
1997-98	6062.68	70.24	1.15
1998-99	6583.00	93.29	1.41
1999- 2000	7380.65*	76.68(Upto Dec'99)*	1.03

\*Not reconciled with the Treasury figure.

12. OTHER HIGHLIGHTS

**(1). PART II SCHEMES**

The following schemes have been approved under Part II for the year 2000-2001 for the amount noted against each of them : -

I. COMMERCIAL TAXES AMOUNT  
DEPARTMENT

- Provisions of additional record racks to the office of Deputy Commissioner (CT), Chennai North, South, East and Assessment circles in their divisions (142 Nos) 3.55 lakhs
- Provisions of cash chests to 150 Assessment circles in a phased manner 1<sup>st</sup> phase 50 Assessment circles. 4.00 lakhs
- Provisions of intercom facilities to the Commercial Tax Offices functioning at Nethaji Subash Chandra Bose Salai, Chennai. 0.75 lakhs

- |   |             |
|---|-------------|
| 4. Provisions of amenities to Commercial Taxes offices functioning in Government Buildings. | 10.00 lakhs |
|---|-------------|

## II. TAMILNADU SALES TAX APPELLATE TRIBUNAL

- |  |            |
|--|------------|
| 1. Purchase of xerox machines to the office of Sales Tax Appellate Tribunal at Chennai, Madurai and Coimbatore | 4.05 lakhs |
|--|------------|

## III. TAMIL NADU TAXATION SPECIAL TRIBUNAL

- |   |            |
|---|------------|
| 1. Purchase of furniture for newly sanctioned posts and for the use of existing staff | 2.07 lakhs |
|---|------------|

### (2).SALES TAX ADVISORY COMMITTEE

The State Sales Tax Advisory Committee is headed by me. The State Level Sales Tax Advisory Committee meeting was held on 11.3.2000 under my chairmanship. Representatives of certain Chambers of Commerce and Trade Association including Associations of

Small and Tiny Industries were invited for participating in the said meeting. Their suggestions were considered in the preparation of the Budget for 2000-2001.

### THE DISTRICT ADVISORY COMMITTEE

The District Sales Tax Advisory Committees are headed by the respective District Collectors. The above committees discuss various problems at District level.

### (3). SALES TAX INCENTIVES TO INDUSTRIES (DEFERRAL OF SALES TAX).

As a measure of encouraging the growth of industries in the State, the Government had granted waiver of sales tax payable by new industries located in the most backward taluks and interest free deferral of sales tax to new Industrial/Sick Units/sick Textile Mills, etc., in the State upto 22.1.2000. The amount of sales tax deferral sanctioned and availed of by industries from April 1998 to March 1999 was Rs.580.68 crores.

#### (4). ASSISTANCE TO LOCAL BODIES.

In order to augment the resources of the local bodies, 30% to 70% of the total collection of Entertainment Tax was assigned and paid to all local bodies such as Corporation, Municipalities and Panchayats till 31.3.1997. In order to enhance the financial support and to improve the administration of the local bodies, the above different rates of assignment was uniformly increased to 90% to all local bodies from 1.4.97. During the year 1999-2000, the amount apportioned to local bodies is Rs. 85.12 crores.

#### (5). GRIEVANCES CELL

The Grievances Cell was constituted in the year 1999 at the office of the Commissioner of Commercial Taxes to provide a forum for traders to represent their grievances. The Cell is headed by the Joint Commissioner (Administration) as Chairman, Joint Commissioner (SMR), Joint Commissioner (Public Relations) as members.

### 13. TAMIL NADU TRADERS' WELFARE BOARD

The Tamil Nadu Traders' Welfare Board was constituted by the Government in 1989 to look after the welfare of the traders. It was reconstituted in 1997 of which I am the Chairman. There are official and non-official members in the Board as appointed by the Government. The performance of the Board is as follows:-

Name of the Schemes	Upto 1998-99		In 1999-2000		Upto 1999-2000	
	Amount disbursed Rs.	No. of families benefited	Amount disbursed Rs.	No. of families benefited	Amount disbursed Rs.	No. of families benefited
1. Family Assistance Scheme	10,25,000	36	20,80,000	44	31,05,000	80
2. Medical Assistance towards Kidney/Heart Operation	83,000	5	1,83,000	8	2,66,000	13
3. Educational Assistance	46,000	23	60,000	26	1,06,000	49
4. Fire accident relief	1,10,000	23	15,000	3	1,25,000	26
5. Students incentive for securing high marks	20,000	6	Nil	Nil	20,000	6
Total	12,84,000	93	23,38,000	81	36,22,000	174

There are 29,797 traders who have been enrolled as life members of the Board so far. A sum of Rs.47,69,110/- has been collected from them as membership fees from the year 1989 up to this year and a sum of Rs. 35,49,000 was sanctioned by this Government so far as matching grant.

The scheme of issuance of identity cards to life members inaugurated by the Chief Secretary to the Government on 30.6.99 is in progress.

**இயற்றலும் ஈட்டலும் காத்தலும் காத்த  
வகுத்தலும் வல்ல தரசு**

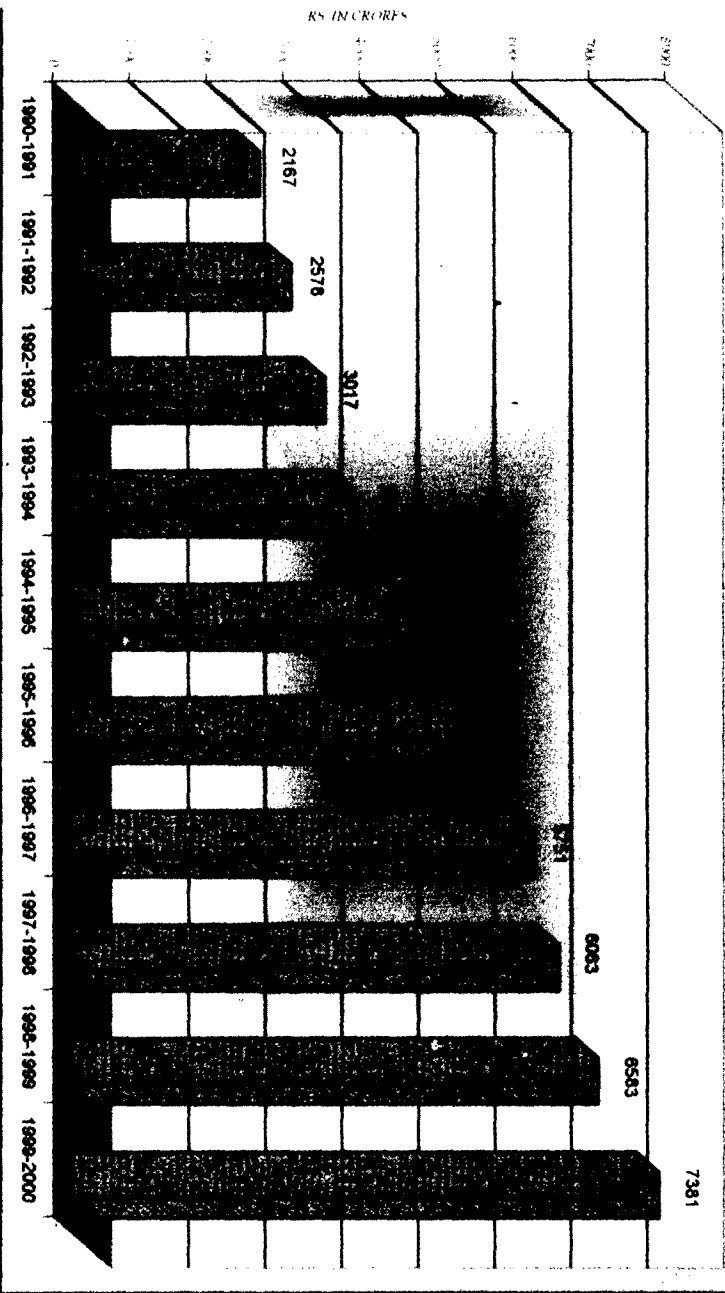
**-திருக்குறள்.**

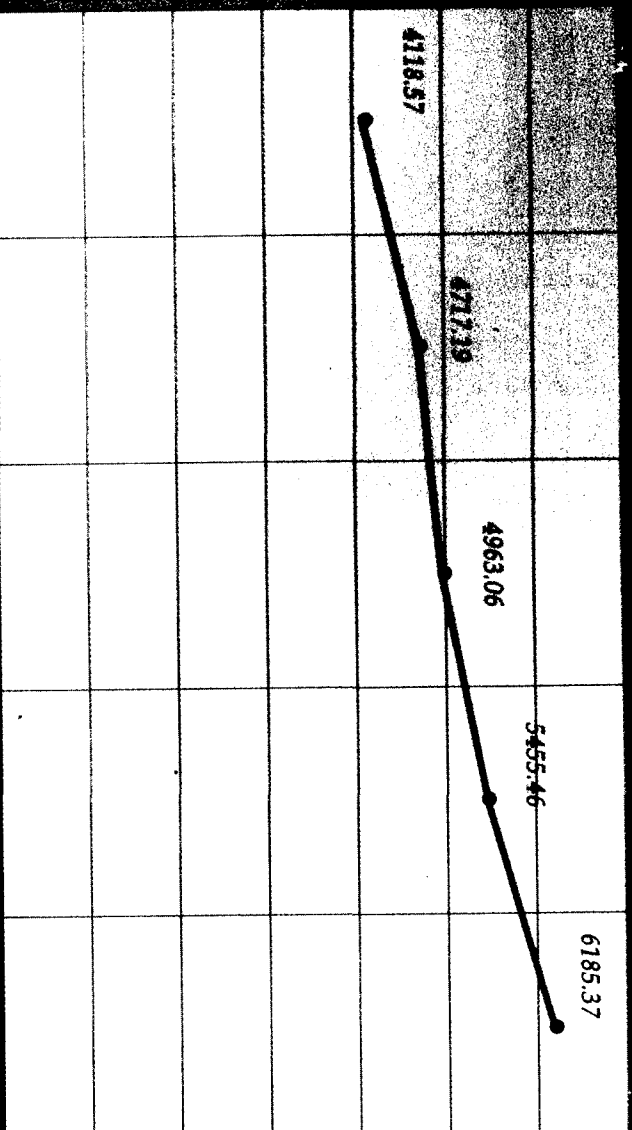
(பொருளுரை: முறையாக நிதி ஆதாரங்களை வகுத்து, அரசாங்கக் கருவூலத்திற்கான வருவாயை பெருக்கி, அதை பாதுகாத்துத் திட்டமிட்டுச் செலவிடுவதுதான் திறமையான நல்லாட்சிக்கு இலக்கணமாகும்).

**M.KARUNANIDHI,  
CHIEF MINISTER.**

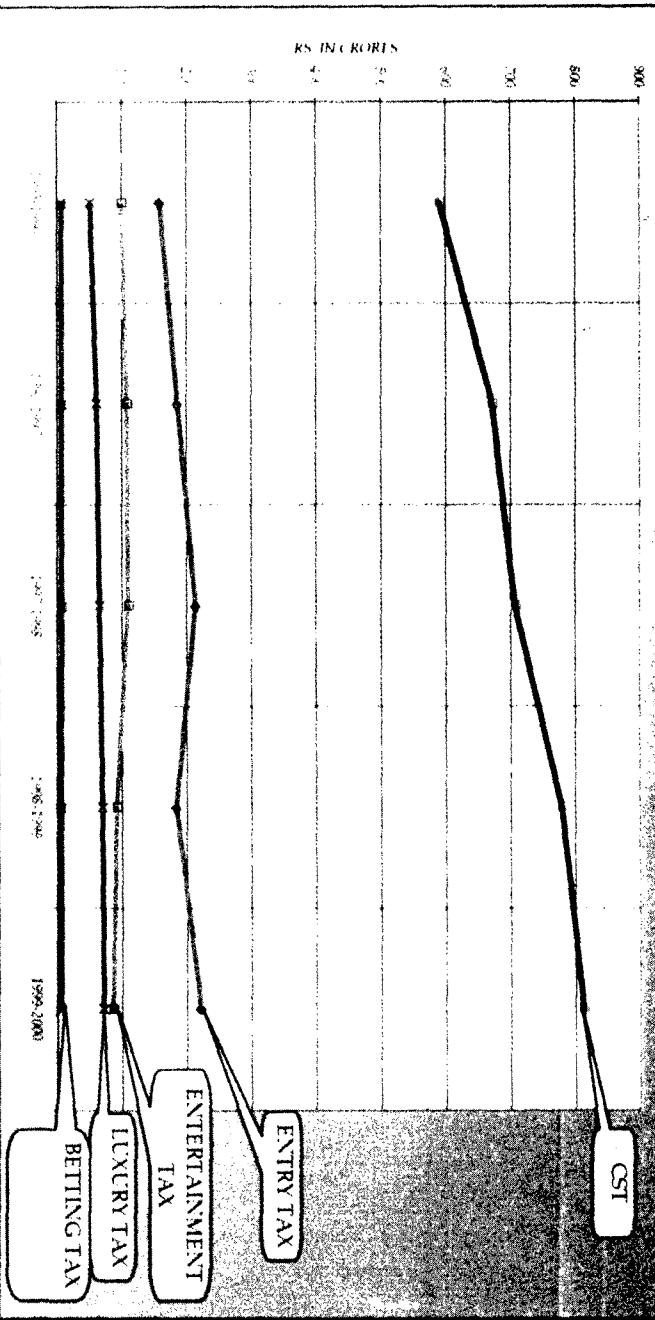


REVENUE DERIVED FROM TAXES UNDER ALL COMMERCIAL TAXES ACTS  
1990-1991 TO 1999-2000





# REVENUE FROM OTHER TAXES 1995-1996 TO 1999-2000



# DIVISION WISE TAX REVENUE 1999-2000

