

**COMMERCIAL TAXES DEPARTMENT  
DEMAND No.10  
POLICY NOTE FOR 2003-2004  
COMMERCIAL TAXES**

**1. INTRODUCTION**

1.1 Tamil Nadu has introduced many innovative developmental schemes, which have acted as model schemes for other States. Introduction and implementation of these schemes have become possible because of sound tax effort on the part of the Government. Among the tax revenues, commercial taxes are the largest sources of revenue to the Government. The taxation policy of the Government however focuses on resource mobilization without undue burden on the common man. The emphasis is on promoting economic growth on a sustained basis. The introduction of Value Added Tax (VAT) in 2003-2004 is a landmark effort in this direction. Value Added Tax (VAT) is expected to make the taxation structure more transparent and simple.

**1.2 ACTS ADMINISTERED BY THE COMMERCIAL TAXES DEPARTMENT**

1. Tamil Nadu General Sales Tax Act, 1959
2. Tamil Nadu Additional Sales Tax Act, 1970
3. Central Sales Tax Act, 1956.
4. Tamil Nadu Entertainments Tax Act, 1939
5. Tamil Nadu Local Authorities Finance Act, 1961
6. Tamil Nadu Betting Tax Act, 1935
7. Tamil Nadu Tax on Luxuries Act, 1981

8. Tamil Nadu Tax on Entry of Motor Vehicles into Local Areas Act , 1990
9. Tamil Nadu Advertisements Tax Act, 1983.
10. Tamil Nadu Tax on Entry of Goods into Local Areas Act 2001.

## 2. ORGANISATION AND FUNCTIONS OF THE DEPARTMENT

The above mentioned Acts are implemented and administered at the field level by the Commissioner of Commercial Taxes who acts as the Head of the Department. He is assisted in the Head Quarters by a team of Joint Commissioners, Deputy Commissioners and Assistant Commissioners in charge of different wings of the Department. At field level, the Department has 10 Territorial Divisions and 8 Enforcement Divisions including one Inter-State Investigation Cell.

### 2.1 ASSESSMENT WING

The conduct of assessment, levy and collection of taxes payable under the various Acts are done by the assessment wing which consists of 10 Commercial Taxes Divisions. Each Division is headed by a Deputy Commissioner. These Divisions are further divided into 40 Commercial Tax Districts. In Chennai and Coimbatore, the Commercial Tax Districts are designated as Zones. In all, there are 323 assessment circles, including 6 Fast Track Assessment Circles (4 in Chennai and 2 in Coimbatore) headed by Assistant Commissioners. Of 323 assessment circles, 234 are headed by Commercial Tax Officers, 83 by Deputy Commercial Tax Officers and 6 by Assistant Commissioners.

### 2.2 AUDIT WING

In order to ensure that the taxes are levied and collected correctly, the Department has an audit wing. This wing deals with internal audit in the Department and has 40 Internal Audit Parties. This internal audit mechanism exists in addition to the audit done by the audit parties of the Accountant General. All the assessment records are audited by Internal Audit and Accountant General Audit. Follow up on the audit reports of Internal Audit and Accountant General Audit is attended to by a separate cell under the supervision of Joint Commissioner (Audit) in the Office of the Commissioner of Commercial Taxes. The details of the work attended by the Audit Wing during the year 2002-2003 (up to February 2003 ) are given below:-

|  | 2002-2003 (upto Feb 2003) |       |       |
|--|---------------------------|-------|-------|
|  | Old                       | New   | Total |
| I) No. of defects pointed out by the <u>internal audit</u> | 32604                     | 35513 | 68117 |
| No. of defects rectified in internal audit                 | 18435                     | 13585 | 32020 |
| II) No. of <u>A.G audit</u> paras pending settlement       | 14758                     | 3059  | 17817 |
| No. of audit paras settled                                 | 1812                      | 250   | 2062  |

### 2.3 ENFORCEMENT WING

In any tax administration, the enforcement wing plays a very important role. It not only prevents tax evasion but its existence also acts as a deterrent. This Wing consists of 7 enforcement divisions which are headed by 1 Joint Commissioner and 6 Deputy Commissioners. Besides, there are 10 Assistant

Commissioners and 15 Commercial Tax Officers, 29 Commercial Tax Check posts and 51 Roving Squads under the control of the Enforcement Wing. The functioning of the Wing includes detection of tax evasion by conducting periodic inspections of shops and cinema theatres, checking of vehicles, etc. There is also the Inter-State Investigation Cell headed by one Deputy Commissioner to monitor Inter-State transactions and detect tax evasion by Inter-State dealers. Officers working in this Wing undertake trips to other States for investigation with the cooperation of the local tax authorities in other States.

The officers of the Enforcement Wing verify the extracts of purchases in respect of evasion prone commodities. During such verification of extracts from Chennai Port and manufacturing points outside the State in 2002-2003, this Wing has detected suppression of purchases and sales of plastic raw materials to a tune of Rs. 250 Crores.

The systematic inspections done by the Deputy Commissioners (Enforcement) and others have unearthed several cases of tax evasion. The details of revenue realised through these inspections during 2002-2003 are given below:

| S.No. | Commodity          | Amount collected<br>(Rs. in lakhs) |
|-------|--------------------|------------------------------------|
| 1.    | Hosiery Goods      | 255.72                             |
| 2.    | Timber             | 56.89                              |
| 3.    | Oil                | 47.18                              |
| 4.    | Cotton Yarn        | 19.44                              |
| 5.    | Cement Resale      | 14.39                              |
| 6.    | Dyes and Chemicals | 6.70                               |
| 7.    | Plastic granules   | 118.19                             |

In addition to the above, the Enforcement machinery has been directed to undertake scrutiny of documents relating to evasion prone commodities like oil, pulses and grams, etc., at the point of import/manufacture itself. Consequently, cases of tax evasion have been detected and a sizeable amount of tax collected.

The companies availing sales tax deferral / waiver facilities were verified and in the last one year, the Department collected Rs. 30 Crores from two Companies, as there were violations of deferral / waiver conditions. It may be mentioned here that as announced in the last budget session, the Enforcement Machinery of the Department has been tightened to plug revenue leakage and tax evasion. Special efforts have been taken to identify the revenue leakage points and to take remedial action. This has yielded good results and is reflected in the increase in the revenue collection, as indicated above.

### 3. APPELLATE STRUCTURE

#### 3.1 FIRST APPELLATE AUTHORITY

The Appellate Wing is under the administrative control of the Chairman, Sales Tax Appellate Tribunal. There are 20 Appellate Assistant Commissioners located in different regions in Tamil Nadu and 2 Deputy Commissioners ( Appeals ) - one in Chennai and the other in Coimbatore. The number of appeals disposed of in 2002-2003 (upto February 2003) is 7649.

### 3.2 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 four Benches of the Sales Tax Appellate Tribunal. The Main Bench and one Additional Bench are at Chennai and the remaining two Additional Benches are at Coimbatore and Madurai.

The Main Bench at Chennai consists of a Chairman in the cadre of a District Judge, a Departmental Member in the cadre of Joint Commissioner and a Second Member from the Indian Audit and Accounts Service. Each of the Additional Benches consists of an Additional Judicial Member in the cadre of Sub-Judge and an Additional Departmental Member in the cadre of Deputy Commissioner (CT).

The number of cases disposed of by the Sales Tax Appellate Tribunal in 2002-2003 (upto Feb. 2003) is 2908.

### 3.3 TAMIL NADU TAXATION SPECIAL TRIBUNAL

The Tamil Nadu Taxation Special Tribunal is headed by a retired Judge of the High Court who acts as its Chairman. The Special Tribunal is located in Chennai. It consists of a Chairman, a Vice-Chairman, a

Judicial Member and an Administrative Member. The details of cases filed and disposed of in 2002-2003 (upto February 2003) are as follows: -

|                |      |
|----------------|------|
| Cases filed    | 1578 |
| Cases disposed | 994  |

### 4. COMMERCIAL TAXES STAFF TRAINING INSTITUTE, CHENNAI

Training of departmental officials is very crucial for efficient tax administration. To cater to the training needs of the department, the Commercial Taxes Staff Training Institute is functioning at Chennai from 1982. The teaching faculty in the Institute is headed by a Deputy Commissioner who is assisted by two Assistant Commissioners and one Commercial Tax Officer. The Institute conducts refresher and special lectures in the areas of tax administration and also imparts training in computer applications. The computer training faculty is headed by an Assistant Director of Statistics. Sanction has been accorded for an expenditure of Rs.50.00 lakhs under the Eleventh Finance Commission Grants to impart Value Added Tax (VAT) training to the officers of the Commercial Taxes Department and Traders in the State. This training on Value Added Tax (VAT) has also been entrusted to this Institute.

The performance of the Institute is given below: -

| Name of Training course | No. of Courses conducted |     | Category of Officials covered    | No. of officers trained in 2001-2002 | No. of officers trained in 2002-2003 |
|-------------------------|--------------------------|-----|----------------------------------|--------------------------------------|--------------------------------------|
|                         | Year                     | No. |                                  |                                      |                                      |
| 1                       | 2.                       | 3.  | 4.                               | 5.                                   | 6.                                   |
| In-service training     | 2001-2002                | 9   | Commercial Tax Officer           | 77                                   | 57                                   |
|                         | 2002-2003                | 10  | Deputy Commercial Tax Officer    | 59                                   | 154                                  |
|                         |                          |     | Assistant Commercial Tax Officer | 76                                   | 59                                   |
| Computer Training       | 2001-2002                | 23  | Commercial Tax officer           | 83                                   | 22                                   |
|                         |                          |     | Deputy commercial tax officer    | 82                                   | 64                                   |
|                         | 2002-2003                | 18  | Assistant Commercial Tax Officer | 85                                   | 46                                   |
|                         |                          |     | Assistants and Junior Assistants | 170                                  | 164                                  |

| VAT Training | Category |  | 2001-2002 | 2002-2003 |
|--------------|----------|--|-----------|-----------|
|              | Officers |  | 114       | 2290      |
|              | Traders  |  | 61        | 860       |

## 5. TRENDS IN REVENUE COLLECTIONS

5.1 The revenue collection in 2002-2003 has been very impressive. As against a total collection of Rs.8904.68 crores in 2001-2002, the collections in 2002-2003 was Rs. 10,200.00 crores, showing a growth rate of 14.55 %. Details of revenue realised under different Acts (year wise) administered by this Department are as follows:

| S. No. | Act  | Revenue Collection (Rupees in Crores)    |           |         |         |         |
|--------|--|--|-----------|---------|---------|---------|
|        |  | 1998-99                                  | 1999-2000 | 2000-01 | 2001-02 | 2002-03 |
| 1.     | Tamil Nadu General Sales Tax Act, 1959                               | 5455                                     | 6185      | 7354    | 7541    | 8507    |
| 2.     | Central Sales Tax Act, 1956  | 779                                      | 813       | 862     | 904     | 982     |
| 3.     | Tamil Nadu Entertainments Tax Act, 1939                              | 91                                       | 86        | 74      | 68      | 71      |
| 4.     | Tamil Nadu Betting Tax Act, 1935                                     | 5  | 5         | 6       | 6       | 5       |
| 5.     | Tamil Nadu Tax On Luxuries Act, 1981                                 | 69                                       | 71        | 92      | 89      | 82      |
| 6.     | Tamil Nadu Tax On Entry Of Motor Vehicles Into Local Areas Act, 1990 | 183                                      | 221       | 276     | 297     | 324     |
| 7.     | Tamil Nadu Tax On Entry Of Goods Into Local Areas Act, 2001          | ( Introduced with effect from 01.12.01 ) |           |         | 45      | 229     |

## 5.2. SPECIAL STEPS TAKEN FOR REDUCTION OF TAX ARREARS

One of the announcements made in the last Budget session was that special steps would continue to be taken by the Department for reduction of the tax arrears. Accordingly, in order to arrest the accumulation of sales tax arrears, the following measures have been undertaken:-

(i) Samadhan Scheme: Samadhan Scheme, 2002, was introduced in Tamil Nadu Sales Tax Act (Settlement of Disputes Act), 2002 for a period of 3 months from 1.7.2002 and it was extended for one more month upto 31.10.2002. Under this scheme, the amount of arrears collected was Rs.10.34 Crores.

(ii) Settlement Commission: The Government has recently brought an amendment under Section 39 of the TNGST Act to constitute a Commission called "Sales Tax Settlement Commission" for settlement of arrears of tax, in respect of certain class of dealers. Now, a new rule viz. Rule 34-A under Tamil Nadu General Sales Tax Act, 1959 has been introduced by the Government prescribing the qualification for appointment of Chairman and Member. After formation of this Commission, arrears may be reduced further.

(iii) Special Committee under section 16 - D: By Act 22 of 2002, a new section 16-D has been introduced in the Tamil Nadu General Sales Tax Act, 1959 so as to constitute a Special Committee consisting of Secretary to

Government Finance Department or his nominee, Secretary to Government, Commercial Taxes Department and Commissioner of Commercial Taxes to review the orders passed by the Assessing Officers under sec.12(2) or 12(3) or section 16(1) or section 16(2) of the TNGST Act, 1959. Accordingly, the Government in G.O.Ms.No.98 Commercial Taxes Department dt. 16.8.02 have constituted a Special Committee. The provision for review of such orders which are based on the "best of judgement" of the assessing officer is expected to reduce litigation and accumulation of arrears.

(iv) Further, a programme has already been chalked out to review arrears cases by the Special Commissioner and Commissioner of Commercial Taxes and the Joint Commissioners.

(v) Formation of Tax Deduction at Source (TDS) circle: Orders have been issued by the Government on 14.1.2003 for the formation of TDS Circle. This circle will attend to the work relating to:

- (i) deduction of tax at source under section 7-F of the Tamil Nadu General Sales Tax Act, 1959 (which deals with deduction of tax at source in works contracts);
- (ii) receive all such amounts; issue the required certificates; remit the amount to the Bank; and

- (iii) transfer the credit particulars to the Assessing Authorities having jurisdiction over the Works Contractors concerned.

This would be a Centralised Circle for Tax Deduction at source, at Chennai. The Circle will start functioning shortly.

As a result of the above measures, arrears of Sales tax would be reduced to a large extent.

## 6. REVENUE AND EXPENDITURE OF THE COMMERCIAL TAXES DEPARTMENT

The details of the revenue collected and expenditure incurred by the Department for the past five years are given below:-

(Rs in Crores)

| YEAR      | REVENUE | EXPENDITURE |
|-----------|---------|-------------|
| 1998-99   | 6583    | 92.42       |
| 1999-2000 | 7381    | 99.76       |
| 2000-2001 | 8664    | 98.57       |
| 2001-2002 | 8905    | 94.23       |
| 2002-2003 | 10,200  | 84.94       |

## 7. VALUE ADDED TAX (VAT)

Value Added Tax is a sales tax wherein the method of calculation of tax is different. It enables the levy of tax on the value of goods at all the points of sale on the value added portion only. In this system, the tax payable at one point of sale is reduced to the extent of

the tax already paid by the dealer at the time of his purchase.

The Government of India had initiated the proposal for introduction of VAT during the year 1993-94 itself. The then Union Minister for Finance Dr. Manmohan Singh, while presenting the Budget for 1993-94 on 27<sup>th</sup> February, 1993, had stated that *"our long term aim should be to move to a Value Added Tax System."* In order to promote discussions and debates, the then Union Minister requested the National Institute of Public Finance and Policy, New Delhi, to prepare the design of possible Value Added Tax system. Once again while presenting the Budget for 1994-95 on 28<sup>th</sup> February, 1994, the then Union Finance Minister had announced certain reform measures under Central Excise tax structure and had stated that they would *"pave the way for an eventual adoption of a Value Added Tax"*.

In the conference of Chief Ministers held in November 1999, it was agreed that VAT would be implemented by all the States and Union Territories from 1.4.2001. It was also decided that in order to remove the distortions in the sales tax system across the country, all States and Union Territories would implement Uniform Floor Rates of taxation and also phase out all sales tax based incentives to industry from 1.1.2000. As a follow up, a Standing Committee of State Finance Ministers was constituted and empowered by the Government of India to monitor the implementation of these decisions. While the decisions relating to Uniform Floor Rates and withdrawal of sales tax incentives have been implemented by all the States and Union Territories under the supervision of the

Empowered Committee of Finance Ministers of States, VAT could not be implemented on 1.4.2001 due to the massive preparatory work involved.

In Tamil Nadu, an attempt was made earlier in September 1996 to introduce VAT for dealers whose turnover exceeds Rs.75 lakhs per annum. A new section 3C was introduced in the Tamil Nadu General Sales Tax Act, 1959 by Act 38/1996. However, in the absence of adequate preparation for a VAT system, the operation of this section was kept in abeyance.

After prolonged discussions at the national level, all the States and Union Territories are now in a position to introduce Value Added Tax (VAT) in 2003-2004. The Government of India has participated in these deliberations and has extended full support to this initiative. The Union Finance Minister Thiru Jaswant Singh in his Budget Speech for 2003-2004 has stated that *"the Government of India considers the introduction of Value Added Tax (VAT), at the State level, to be a historic reform of our domestic trade system. It will assist the States to transit successfully from the erstwhile sales tax system to a modern domestic system, at present in use in over 120 countries"*.

On the insistence of all the States including Tamil Nadu, Government of India has come forward to compensate the revenue loss at the rate of 100% in the first year, 75% in the second year and 50% in the third year.

The Empowered Committee of Finance Ministers of States is monitoring the implementation of VAT by all States and Union Territories. Based on the model VAT

Legislation sent to our State by the Empowered Committee, the Tamil Nadu VAT Bill 2003 has been prepared and notified under Rule 130 of the Tamil Nadu Legislative Assembly Rules. The Government of India has also communicated the approval of the President of India on 24.3.2003 for the introduction of the Bill. The Bill will be introduced and considered in the current session of the Tamil Nadu Legislative Assembly.

## 8. CHANGES IN RATE OF TAXES IN BUDGET 2003-2004

### 8.1 TAMIL NADU GENERAL SALES TAX

The tax rates under the General Sales Tax have to be continued till Value Added Tax (VAT) comes into force. However, the tax rates on some non-VAT goods have been modified as follows.

| Commodity                                   | Earlier rate<br>(upto 20.3.03)  | Revised rate<br>(w.e.f. 21.3.03) |
|---|---------------------------------|----------------------------------|
| Aviation gasoline                           | 28.2%<br>(including AST and SC) | 29%                              |
| Aviation Turbine Fuel<br>including Jet fuel | 28.2%<br>(including AST and SC) | 29%                              |
| High Speed Diesel                           | 23.1% (including SC)            | 25%                              |
| Light Diesel Oil                            | 21.9% (including AST<br>and SC) | 25%                              |
| Petrol                                      | 29.4%<br>(including AST and SC) | 30%                              |
| White Kerosene<br>(Superior kerosene oil)   | 4%                              | 25%                              |

Note :     AST   -     Additional Sales Tax,  
              SC    -     Surcharge



A new Part D(A) has been inserted in the First Schedule to the Tamil Nadu General Sales Tax Act, 1959 consisting of the following items:-

| S.No. | Goods / Commodity                  | Tax Rate | Point of levy |
|-------|------------------------------------|----------|---------------|
| 1.    | Telephones and Cellular telephones | 12.5%    | First sale    |
| 2.    | Washing machines                   | 12.5%    | First sale    |

However, the rate of tax on cellular telephones is continued at the reduced rate of 4% through Notification.

## 8.2 ENTRY TAX

In order to arrest evasion of tax in respect of the following items, entry tax has been levied with effect from 21.3.03: -

|    |  |       |
|----|--|-------|
| 1. | Low density polyethylene and polypropylene in all forms including granules, tapes and wastes | 4%    |
| 2. | Washing machines   | 12.5% |

## 8.3 CABLE TV

It has been decided to levy and collect entertainment tax from cable TV operators through a compounding system. The Entertainment Tax payable by the Cable T.V. operators will be as below:

| Area                       | Compounding rates per annum per operator |
|----------------------------|--|
| (a) Village Panchayats     | Rs. 12,000                               |
| (b) Town Panchayats        | Rs. 18,000                               |
| (c) Municipalities         | Rs. 36,000                               |
| (d) Municipal Corporations | Rs. 72,000                               |

The Security Deposit payable by the Cable T.V. Operators has been reduced from Rs.10,000 to Rs. 5,000 in Municipal Corporations and to Rs.2,500 for other areas. *municipalities*

A Bill to amend the provisions of the Tamil Nadu Entertainments Tax Act, 1939 will be introduced in the current session of the Legislative Assembly to implement the above changes.

## 9. OTHER HIGHLIGHTS OF THE DEPARTMENT

### 9.1. NEW SCHEMES FOR 2003-2004

The following new schemes have been approved under Part-II of the Budget for the year 2003-2004:-

Total cost  
of the scheme  
(Rupees in lakhs)

- |  |       |
|--|-------|
| 1. Construction of third floor, in Cuddalore A.C.'s Office and also for construction of Garage for parking vehicles.                             | 21.42 |
| 2. Digging of Borewell at Commercial Taxes Staff Quarters at Salem.  | 1.00  |
| 3. Provision of Photo Copiers to Deputy Commissioner (Enf.) Trichy, Deputy Commissioner (Enf.) Salem and Deputy Commissioner (Enf.) Tirunelveli. | 1.20  |

|   |               |
|---|---------------|
| 4. Purchase of Heavy Duty Photocopier to the Office of the Special Commissioner and Commissioner of Commercial Taxes. | 1.80          |
| 5. Fixing of Flood lights to the Commercial Taxes Buildings at Coimbatore   | 0.60          |
| 6. Purchase of 14 Vehicles for various Offices in Commercial Taxes Department in the place of condemned vehicles      | 42.78         |
| 7. Purchase of 20 Vehicles for various Offices in Commercial Taxes Department in the place of condemned vehicles.     | 81.92         |
| 8. Provision of Telephone connection to 9 Checkposts in Commercial Taxes Department which do not have the facility.   | <u>2.57</u>   |
| Total   | <u>153.29</u> |

## 9.2 COMPUTERISATION OF COMMERCIAL TAXES DEPARTMENT

In the first phase of computerisation, computers were supplied to 140 Assessment Circles, 18 Zonal Offices, 5 Divisional Offices in Territorial Wings, 6 major border checkposts, Computer Wing, Commercial Taxes Staff Training Institute, Special Commissioner and Commissioner of Commercial Taxes Office and the Secretariat. A package for the circles and checkposts was developed by the National Informatics Centre, to capture the data relating to Registration and monthly returns of the dealers, DCB preparation, commodity revenue and vehicle movement. Also, all the Territorial

Deputy Commissioners were given one computer each for their E-mail facility with Special Commissioner and Commissioner of Commercial Taxes Office and others and to supervise their subordinates.

During 2002-03 in the second and final phase of computerisation, a sum of Rs.10.22 Crores was sanctioned by the Government from the Eleventh Finance Commission grants for the purchase of computers and accessories, consultancy charges, etc., for comprehensive computerisation of Commercial Taxes Department. Pallavan Transport Consultancy Services Ltd., has been appointed as consultants on turnkey basis and they are guiding the project for State Computerisation including software development required for VAT regime, for territorial, appellate and enforcement wings besides web application. In this project, the entire department in the State is going to be covered with computer facility including the remaining 183 Assessment circles, 22 Zonal offices, 5 Divisional offices in Territorial wing, 28 Zonal offices, 8 Divisional offices and 23 checkposts in Enforcement wing, 4 State Representatives in Sales Tax Appellate Tribunal Offices, 2 Deputy Commissioners (Appeal) Offices, 20 Appellate Assistant Commissioner Offices in Appellate wing, 25 Systems for the use of Audit, Acts cell, Drafting Cell, Public Relations, Legal and Administration sections of Special Commissioner and Commissioner of Commercial Taxes Office. To strengthen high revenue yielding circles, additional computers will be given for speedy and efficient administration.

All the wings including checkposts are to be connected to a Central Server and communication from each system would be made possible to any end upto

the level of Special Commissioner and Commissioner of Commercial Taxes through "Virtual Private Network" using Internet, Leased line, ISDN and PSTN facilities. In order to maintain accuracy and to control human errors and delay in data entry, an "ICR Scanning System" will be used as effective tool of modernisation to capture data from the returns of the dealers through a scanning sheet to watch the input tax credit and to enable online verification in respect of the genuineness of the transactions by the Circles and at the territorial Divisional headquarters. A reorganisation of the staff to handle the computers has been planned. Through this phase of computerisation, the data gathered at each node shall be made available at the Central Server for online access and for periodical updation and supervision by the Administrative Officers including the Special Commissioner and Commissioner of Commercial Taxes. The Central High End Server will control the registration and revenue data of the assesseees of the State and dedicated full time for the access of the departmental users.

A website [www.tnsalestax.com](http://www.tnsalestax.com) is functioning with E-mail facility to cater to the needs of the common public which will also be made, more informative. Online submission of returns and self assessments have been planned to avoid delay in paper work. Online payment system through banks by the dealers is also under study. The Computer Centre, Chennai, will work as a Nodal Agency in maintaining Servers including Central Server, Web Server etc. to cater to the needs of the Commissioner and Government for their budgetary and MIS needs and for revenue analysis and overall functioning of the systems in the State. This project is

scheduled to commence in the Financial Year 2003-2004.

In the Budget Session 2002-2003, an announcement was made that a comprehensive scheme of computerisation of Commercial Taxes Department will be implemented. Accordingly, the steps mentioned above have been taken and they will become operational soon.

#### UPGRADATION OF WEBSITE

One of the announcements made during the last Budget Session was that the website of the Commercial Taxes Department ([www.tnsalestax.com](http://www.tnsalestax.com)) would be upgraded and more information for the benefit of the traders and general public would be provided. Accordingly, action has been initiated and all changes in tax rates, Notifications issued by the Government, draft Value Added Tax (VAT) Bill, etc., are being put in the website instantly.

#### 9.3. SALES TAX ADVISORY COMMITTEES AT STATE AND DISTRICT LEVELS

Sales Tax Advisory Committees are constituted by the Government at the State level and at the District levels. These Committees include both officials and non officials. Issues pertaining to the provisions of various Acts administered by the Commercial Taxes Department and problems faced by traders are generally discussed by the respective Committees.

#### 9.4. ASSISTANCE TO LOCAL BODIES

In order to augment the finances of the local bodies, 60% to 70 % (depending on the Local Area) of the total collection of Entertainment Tax was paid to all local bodies such as Corporations, Municipalities and Panchayats till 31.3.97. Subsequently, the allocations to all local bodies were uniformly increased to 90% from 1.4.97. During the year 2002-2003, the amount apportioned to the local bodies was Rs.97.23 Crores.

#### 9.5. GRIEVANCE CELL

A grievance cell is functioning from the year 1999 in 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, and Joint Commissioner (SMR), and Joint Commissioner ( Public Relations ) as members.

#### 9.6. SETTING UP OF INTEGRATED MODERN CHECKPOSTS

As announced during the discussion on Demand for Grants for budget for 2002-2003, the Government in G.O.Ms.No. 60, Commercial Taxes Department dated 17.6.2002, have issued orders that initially, Integrated Checkposts be set up in one or two places to take care of the requirements of the Commercial Taxes Department and Transport Department and that the Tamil Nadu Road Development Corporation (TNRDC) would assist the Commissioner of Commercial Taxes in preparation of bid documents, bid evaluation, etc., for the appointment of a consultant.

An advertisement (invitation to consultants) through the I&PR Department has been published nation wide in newspapers on 23.2.2003. In response to the advertisement given in newspapers, Requests For Proposal (RFP) documents prepared by the TNRDC, have been sold to thirty bidders. Subsequent to this, a pre-bid meeting was conducted on 17.3.2003 in the presence of Special Commissioner and Commissioner of Commercial Taxes. The Chief Executive Officer, TNRDC, officials of Commercial Taxes Department and representatives of 17 bidders have attended the meeting. The minutes of the meeting and clarifications sought for by the bidders were sent to all the thirty bidders and further action is pursued.

9 Technical proposals submitted upto 5.00 pm on 3.4.2003 were alone opened in the presence of the officials of Commercial Taxes Department, Transport Department, TNRDC representatives and representatives of the bidders present on the occasion. The Financial proposals have been kept in the safe custody of Joint Commissioner (Administration), Commercial Taxes Department.

As part of measures to improve the performance of the staff at check posts, 70 light reflecting belts and 70 illuminating sticks have been provided to Office Assistants working in the check posts at total cost of Rs.1.42 lakhs.

#### 10. TAMILNADU TRADERS WELFARE BOARD

Tamil Nadu Traders Welfare Board was constituted by the Government in 1989 to look after the welfare of the traders and to provide certain forms of assistance. As on 31.3.2003, the Board has 40127 members. At present, membership fee of Rs.250 is collected as one-time payment. Upto 31.12.2002, the total collection of fees by way of subscription has been Rs.71.63 lakhs. The Board extends assistance to its members towards family benefit, education, medical treatment, accident relief etc. Upto 31.12.2002, 335 members were benefited with assistance involving an amount of Rs.63.71 lakhs.

The Government contribution of Rs. 2 crores was deposited in the Reserve Bank of India under Public Deposit Account. By adding interest amount to the principal amount and deducting the withdrawal for Welfare Schemes, the net balance as on 31.12.2002, with the Reserve Bank of India, is Rs. 2,10,41,854/- and with the State Bank of India is Rs. 13,74,005/-. Further a sum of Rs.35.49 lakhs has so far been sanctioned by Government as matching grant.

**Se. Ma. VELUSAMY**  
**Minister for Commercial Taxes**