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POLICY NOTE 2019-2020

COMMERCIAL TAXES DEPARTMENT

Introduction

Tamil Nadu has introduced many innovative development schemes, which have acted as model schemes for other States. Introduction and implementation of these schemes have become possible because of trader friendly tax laws and sound tax mobilization effort on the part of the Government, without undue burden on the common man. Introduction of Goods and Services Tax Act, 2017 is a landmark effort in this direction. Goods and Services Tax has made taxation structure more transparent and simple. Commercial Taxes Department is the cornerstone of revenue infrastructure for Government of Tamil Nadu contributing more than 80% of the State’s Own Tax Revenue.
2. Trend in Revenue Collection

Revenue Collection by the department in the past six years is as below:-

(Rs. in crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>56,851.87</td>
</tr>
<tr>
<td>2014-2015</td>
<td>60,314.61</td>
</tr>
<tr>
<td>2015-2016</td>
<td>61,709.58</td>
</tr>
<tr>
<td>2016-2017</td>
<td>67,576.77</td>
</tr>
<tr>
<td>2017-2018</td>
<td>73,148.28</td>
</tr>
<tr>
<td>2018-2019</td>
<td>87,905.26</td>
</tr>
</tbody>
</table>

The Commercial Taxes Department has collected a revenue of Rs.87,905.26 crore (which includes GST compensation and IGST settlement) during the year 2018-2019 achieving an excess of Rs. 14,756.98 crore over and above the collection of Rs.73,148.28 crore made in the corresponding period of the previous year. This represents a growth rate of 20.17% over the previous year. This
achievement has been possible despite the unsettled conditions in the economy.

3. **Act-wise Tax Revenue over the past six years**

Act-wise tax revenue collection details over the past six years are tabled below:

(Rs. in crore)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tamil Nadu Value Added Tax Act</td>
<td>51,244.97</td>
<td>53,930.47</td>
<td>54,804.54</td>
<td>59,262.00</td>
</tr>
<tr>
<td>2.</td>
<td>Central Sales Tax Act</td>
<td>3,116.07</td>
<td>3,811.17</td>
<td>4,037.76</td>
<td>5,125.20</td>
</tr>
<tr>
<td>3.</td>
<td>Tamil Nadu General Sales Tax Act</td>
<td>218.39</td>
<td>195.21</td>
<td>211.12</td>
<td>188.65</td>
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<tr>
<td>4.</td>
<td>Tamil Nadu Entertainment Tax Act</td>
<td>68.17</td>
<td>82.97</td>
<td>106.29</td>
<td>85.81</td>
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<tr>
<td>5.</td>
<td>Betting Tax Act</td>
<td>5.20</td>
<td>5.60</td>
<td>5.65</td>
<td>7.86</td>
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<tr>
<td>6.</td>
<td>Luxury Tax Act</td>
<td>299.51</td>
<td>319.26</td>
<td>357.03</td>
<td>379.01</td>
</tr>
<tr>
<td>7.</td>
<td>Entry Tax Act on Vehicles &amp; Goods</td>
<td>1,899.56</td>
<td>1,969.93</td>
<td>2,187.19</td>
<td>2,258.24</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>56,851.87</strong></td>
<td><strong>60,314.61</strong></td>
<td><strong>61,709.58</strong></td>
<td><strong>67,576.77</strong></td>
</tr>
</tbody>
</table>
### Break up details of Tax Collection during 2017-2018

(Rs. in crore)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Non VAT/Non GST*</th>
<th>VAT/Others**</th>
<th>SGST</th>
<th>IGST settlement</th>
<th>Advance IGST settlement</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre GST</td>
<td>15,535.66</td>
<td>7,592.28</td>
<td>7,943.38</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Post GST</td>
<td>57,612.62</td>
<td>28,554.90</td>
<td>3,518.80</td>
<td>16,199.93</td>
<td>7,402.99</td>
<td>1,304.00</td>
<td>632.00</td>
</tr>
<tr>
<td>Total</td>
<td>73,148.28</td>
<td>36,147.18</td>
<td>11,462.18</td>
<td>16,199.93</td>
<td>7,402.99</td>
<td>1,304.00</td>
<td>632.00</td>
</tr>
</tbody>
</table>

### Break up details of Tax Collection during 2018-2019

(Rs. in crore)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Non GST*</th>
<th>VAT/Others**</th>
<th>SGST</th>
<th>IGST settlement</th>
<th>Adhoc IGST settlement</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>87905.26</td>
<td>42414.96</td>
<td>593.98</td>
<td>24476.56</td>
<td>12425.94</td>
<td>4842.82</td>
<td>3151.00</td>
</tr>
</tbody>
</table>
* Represents revenue from alcohol for human consumption and petroleum products as per Second Schedule of TNVAT Act, 2006.

** Includes current revenue from Natural Gas as per First Schedule to TNVAT Act, 2006.

4. Organisational set up

The Department carries out its core function of administering Tamil Nadu Value Added Tax Act, Central Sales Tax Act for Non-GST goods & VAT goods, Goods and Services Tax Act with the help of a well-structured organizational set-up. The Commissioner of Commercial Taxes, the Head of the Department, having headquarters at Chennai is assisted by six Additional Commissioners and one Joint Commissioner (Administration) and other officers.

Government has issued orders for re-organization of the Commercial Taxes Department in the light of implementation of Goods and Services Tax Act, 2017 and other
changes, to improve the performance and ensure smooth functioning.

Some of the salient features of re-organization are as follows:

- To maintain even distribution of work load:
  
  In Divisions in Chennai, the assessment circles of Avadi, Surapet and Thirumullavoyil are transferred to Chennai (North) Division from Chennai (South) Division. Similarly, Ramapuram and Saligramam assessment circles transferred to Chennai (Central) Division from Chennai (South) Division.

- A new Territorial Division has been created with Headquarters at Erode, comprising of the present Tiruppur Commercial Tax District (Coimbatore Division) and Erode Commercial Tax District (Salem Division) and four assessment circles from Karur Commercial Tax District (Trichy Division) by
redeployment of manpower from the existing sanctioned strength.

- A new Intelligence Division has been created at Erode with jurisdiction coterminous with the new Erode Territorial Division, by redeployment of manpower from the existing sanctioned strength.

- Circles have been re-aligned within the Divisions keeping the dealer base in the range of approximately 1500-2000 taxpayers while maintaining geographical contiguity. The existing 329 circles have been reorganized into 338 circles.

- Separate arrear recovery cells have been created at Zonal level.

The Department consists of four wings as below:
4.1 Assessment Wing

There are 338 assessment circles located across the State, headed by Proper officers in the cadre of Assistant Commissioners/Commercial Tax Officers, which carry out the core functions of the department such as issuing of registration certificates, levy of tax, collection of tax, under both the existing and erstwhile Acts, assessment and receiving/issuing of declaration forms mandated under the Tamil Nadu Value Added Tax Acts and CST Acts. These circles are monitored by 42 Territorial Deputy Commissioners at District/Zonal level and by 11 Joint Commissioners at the Divisional level.

Large Tax Payers units functioning earlier at Chennai and Coimbatore accounted for about 60% of tax collected by the Department under TNVAT and CST Act, now under GST regime
account for only 46% of the tax collected. This is due to widespread distribution of tax payers on account of tax payers under Services portion. After re-organisation, Large Tax Payers Unit is functioning at Chennai only with the same set up monitoring tax collection from both GST and Non-GST goods that contribute around Rs.40,000 Crore. This unit is headed by Joint Commissioners and assisted by Deputy Commissioners.

4.2 Review & Appeal Wing

Under the Goods and Services Tax Act, 2017, first appeal can be filed either by the tax payer or by the Department. Hence the department has to review all the decisions and orders passed by the adjudicating authority (proper officer).

The erstwhile internal audit headed by the Assistant Commissioner has conducted audit
primarily on the assessment orders passed by the Assessing Officers whereas under Goods and Services Tax Act, all the returns filed are self-assessed and no orders are passed by the proper officers. Hence the question of conducting internal audit does not arise. Hence the internal audit wing has been restructured in compliance with the work under GST, so as to plug any leakage of revenue.

The Review and Appeal Wing headed by an Assistant Commissioner function under the control of the territorial Deputy Commissioners.

4.2.1 Accountant General’s Audit

Annual audit in the assessment circles is a periodic exercise by the Accountant General under TNVAT, CST and GST Acts. Besides, performance audit, the Accountant General does thematic study on different activities of the department from time to time. Important audit
observations pointed out by the Accountant General are discussed in the joint meetings of the Departmental Audit Committee, suitable reply and Circular directions are issued against the Accountant General’s observations.

4.3 Appellate Wing

4.3.1 Appeal

Under TNVAT Act and CST Act the first appeal against the orders passed by any assessing officer upto the rank of Assistant Commissioner lies before the Appellate Deputy Commissioner concerned and the Appeal against the assessment orders passed by Deputy Commissioners, lies before the Appellate Joint Commissioners having jurisdiction. Twenty Appellate Deputy Commissioners and two Appellate Joint Commissioners are functioning in the appellate wing under the control of Tamil Nadu Sales Tax Appellate Tribunal (STAT).
In case of appeals filed before the appellate authorities, the department is represented in each appellate forum by a Departmental Representative in the cadre of Assistant Commissioner. Under the TNGST Act, 2017, though the appeal structure is First Appellate Authority followed by Appellate Tribunal and thereafter High Court and Supreme Court, at present it is notified that the first appellate authority for all purpose including Roving Squad and Assessment is the Territorial Deputy Commissioners of the respective Jurisdiction.

It is proposed to re-organize the Appeal Wing in the light of implementation of the Goods and Services Tax Act, 2017 and other changes shortly.

4.3.2 Tamil Nadu Sales Tax Appellate Tribunal

Under Tamil Nadu Value Added Tax Act, 2006 and Central Sales Tax Act, 1956, appeal
against the orders of the First Appellate Authority i.e., Appellate Deputy Commissioner or Joint Commissioner, can be made before the Sales Tax Appellate Tribunal (STAT). The Main Bench of STAT is located in Chennai and Additional Benches are located in Chennai, Madurai and Coimbatore. The STAT is headed by the Chairman, in the rank of a District Judge. An officer belonging to Indian Audit and Accounts Service or Income Tax department or Central Excise department or Customs department or Railway Accounts department or Defence Accounts department or a member of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India is nominated as the second member of the Tribunal. A Departmental member in the cadre of an Additional Commissioner is appointed as a member of the Main Bench.
Each Additional Bench of the STAT is constituted by a Judicial Member in the rank of a Subordinate Judge and an Additional Departmental Member in the cadre of a Joint Commissioner. A State Representative in the cadre of a Joint Commissioner and an Additional State Representative in the cadre of a Deputy Commissioner are departmental representatives, representing the department before the Main Bench and the Additional Benches, respectively.

The above set up continues to exist for the Legacy Cases and for the NON-GST goods dealt under Tamil Nadu Value Added Act, 2006 and Central Sales Tax Act, 1956.

Under Tamil Nadu Goods and Services Tax Act, 2017, Appeal against the orders of the First Appellate Authority i.e., Appellate Deputy Commissioner or Joint Commissioner, can be made before the National Appellate Tribunal.
The GST Council approved creation of the tribunal with a National bench in Delhi and three regional benches in Chennai, Kolkata and Mumbai. The Tribunal is the second level of appeal where appeal can be filed against orders from Appellate or Revision authorities. Appellate tribunals are consistent, both the assessee and the tax officials would benefit, as the rulings would serve as legal precedents on issues under GST laws. The National Bench have jurisdiction to hear appeal against the order passed by the Revision Authority in the cases where one of the issues involved relates to Place of Supply. The State Bench have jurisdiction to hear appeals against the orders passed by the Revision authority in cases involving matters other than Place of Supply. Each State Bench and Area Benches of the Appellate Tribunal shall consist of a Judicial Member, one Technical Member each from Central and State
governments and the State Government may designate the senior most Judicial Member in a State as the State President.

4.4 Intelligence Wing

The Enforcement Wing has been rechristened as “Intelligence Wing” with effect from 01.06.2019 for effective functioning, reflecting the changing role of officers under Goods and Services Tax and achieving the desired result without harassing the taxpayers.

4.4.1 Central Intelligence wing

This wing will function under the control of the Commissioner and will be assisted by the Additional Commissioner (Intelligence). This wing will consist of (i) Investigation unit headed by Joint Commissioner (Investigation) and (ii) Coordination unit headed by Deputy Commissioner (Intelligence).
(i) The Investigation unit shall examine and study the pattern and modus operandi of tax evasion based on the data gathered from Data cell which consists of one internal data collection section for collection of data within the department and another section for collection of data from external sources and also from Survey Cell which has been constituted for the purpose of market survey and to study and analyse the market price of Goods and Services and for carrying out Test purchases in exceptional cases, if so directed by the Commissioner. It is also proposed to have a Technical cell to retrieve hidden/deleted/remotely located data with adequate tools and this cell will also help the Investigation unit by providing necessary technology based inputs.

(ii) The Co-ordination unit will be headed by the Deputy Commissioner (Intelligence) and shall examine the investigation file received from
the Intelligence Divisions and obtain approval from the Commissioner for further action through the Additional Commissioner (Intelligence). This unit is responsible for the preparation of statistics and reports on inspections.

4.4.2 Intelligence Division

There are Nine Intelligence Divisions across the State and each Intelligence division is headed by a Joint Commissioner (Intelligence). It is decided to constitute specialized cells for gathering data, market survey and for preparing investigation file based on the inputs received from these cases. It is also decided to conduct intelligence based inspection instead of random inspection. There will be only one permanent squad in each Intelligence Division and all other officers and staff will constitute the Data cell, Survey cell, Adjudicating cell, Technical Cell and
collection cell in each Intelligence Division. The functioning of Intelligence wing has been restructured with the following units at the Divisional level:-

(a) **Investigation unit**

This unit is headed by the Deputy Commissioner (Investigation) in both the Intelligence Divisions of Chennai and it is headed by an Assistant Commissioner (Intelligence) in other Intelligence Divisions. The Data cell would consist of one internal data collection section for collection of data available with the Department and another section for collection of data from external sources.

The Survey cell will conduct Market Survey and Study and analyse the market price of such Goods and Services as may be referred to by the Joint Commissioner (Intelligence) or such other Goods and Services after obtaining permission
from the Joint Commissioner (Intelligence) and (3) Test purchases, if so directed by the Joint Commissioner (Intelligence). The Joint Commissioners (Intelligence), if necessary, may utilize the service of the Technical cell functioning under the Central Intelligence Unit, for retrieval of hidden/deleted/remotely located data.

(b) (i) Inspection Unit:

This unit is under the control of Deputy Commissioner (Inspection) and will consist of Inspection cell comprising of officers not below the rank of Deputy State Tax Officer. The inspection team will be constituted by the Joint Commissioner (Intelligence) and the inspection is supervised by the Deputy Commissioner (Inspection) and he shall report to the Joint Commissioner (Intelligence) at the Divisional Level.
(ii) **Review Cell** comprising of officers not below the rank of State Tax Officers shall perform the following functions:

1. Review of the orders passed by the group head of the inspection cell or by any authorized officer, Roving squad and Adjudicating Authorities for filing first appeal.

2. Review of the order passed by the First Appellate Authority for filing second appeal before the Tribunal.

(iii) **Demand Collection Cell** is constituted for watching the collection of the demand raised by the inspection cell and adjudication cell and initiate arrear action to collect the demand, in case the demand is not paid within the period stipulated in the demand notice.

(c) Apart from the above, another three cells viz., (i) Adjudication cell (ii) Legal cell and (iii) Roving Squad will function under the direct
control of the Joint Commissioner (Intelligence) and they shall perform the following functions:

(i) **Adjudication cell:** Adjudicating issues arising out of detention of goods and vehicles by Roving Squad (other than those decided on the spot by the Roving Squad) and other cases referred to by the Joint Commissioner.

(ii) **Legal cell:** Co-ordination with legal wing in the Commissioner’s Office, Government law Officers in respect of cases pending in various forums and any other issues as may be referred by the Joint Commissioner (Intelligence) and assisting the Joint Commissioner (Intelligence) to exercise the power of revision under section 108 of the GST Act.

(iii) **Roving Squad:** To inspect goods in movement and levy of tax, penalty, C-fee on the spot for offences and hand over such cases in
respect of which adjudication is not finalized during the duty hours.

Inter-state Investigation cell and Business Intelligence Unit that were in operation in the earlier years, as part of re-organization are merged with Additional Commissioner (Intelligence) functioning directly under the control of the Commissioner of Commercial Taxes. The functions that were carried out by these units are now carried out by different units in the form of Data Cell functioning under Investigation unit both at the Division and Headquarters.

5. Statistics and Research Cell

The Statistics and Research Cell at the State Headquarters is headed by the Joint Director of Statistics. Each Commercial Tax Division has a Junior Research Officer to assist Joint Commissioner and each Zone/ Commercial
Tax District has a Statistical Inspector to assist Deputy Commissioner.

Every Year, The Statistics and Research Cell brings out the following periodical reports:-

2. Monthly performance Report - Intelligence Divisions
3. Monthly Report on Revenue analysis of top commodities
4. Monthly Report on Revenue analysis of list of commodities showing Negative growth rate of revenue during the month
5. Monthly Report on Revenue analysis of top dealers
6. Monthly Report on List of dealers showing Negative growth during the month
8. Commercial Taxes Department Yearly Administrative Report
9. Commercial Taxes Department-Annual Report on Selected Indicators


6. Commercial Taxes Staff Training Institute

The Commercial Taxes Staff Training Institute, Chennai established in 1982 is the apex training organization for the officers and staff of the Commercial Taxes Department in Tamil Nadu. In this Institute, In-service training (induction course) as well as Refresher training is imparted to the directly recruited and serving officials and staff respectively, at various levels. Training Institute also functions at Regional Chapters in Coimbatore, Salem, Vellore, Madurai, Trichy and Tirunelveli, headed by the respective territorial Joint Commissioners. The Government has sanctioned a fund of
Rs.1 crore as recurring expenditure for conducting training every year.

Further, as the Goods and Service Tax Act, has been implemented, all the officers and staff of the department have been given training under the Goods and Service Tax Act and Rules in Chennai and at the Regional Chapters. Networking training under GST (GSTN) has also been given to all the officers and staff. Training on latest amendments, circulars and notification under GST have also been imparted to the trainees during their training. One of the major step in the effective administration of GST is the introduction of E-way bill. Hence, training on E-way bill was conducted to all the officers and staff from the cadre of Joint Commissioner to Junior Assistants for effective administration of GST Act.
Special Training is organized from the year 2015-2016 along with regular training.

Management training for 100 Officers of Commercial Tax Department in the cadre of Joint Commissioners, Deputy Commissioners and Assistant Commissioners for the year 2018-19 was organized at a private HRD Centre, Villupuram. The Government have sanctioned a sum of Rs.22,89,760/- for the said training in the annual allotment of training fund.

In the regular refresher training and in-service training, special sessions like Yoga, Personality Development and Time Management are being included and effective training is given so as to improve the leadership qualities,
management of time in effective manner by the officers.

By imparting training to the staff and officials of the department, the CTSTI endeavor to enhance the existing skills and learn new ones, ensuring that the Department can continue to deliver quality public service.

By triggering the passion for learning and interest in honing the leadership skills, the institute aims to accomplish the human resource capacity building in the department, a continuous voluntary process, with a goal to achieve a transparent, responsible, responsive, public friendly and efficient tax administration.

The Institute aim to cultivate the values such as Continuous Learning, team work, quality public service, demonstrating high standards of ethical conduct, honesty, openness and trust as
foundation of good governance among the trainees.

7.  **Acts administered by the Department**

    Commercial Taxes Department administered the following Tax enactments till 30.06.2017:

1.  Tamil Nadu Value Added Tax Act, 2006
2.  Tamil Nadu General Sales Tax Act, 1959
3.  Tamil Nadu Additional Sales Tax Act, 1970
4.  Tamil Nadu Entertainments Tax Act, 1939
5.  Tamil Nadu Betting Tax Act, 1935
6.  Tamil Nadu Tax on Luxuries Act, 1981
7.  Tamil Nadu Tax on Entry of Motor Vehicles into Local Areas Act, 1990
8.  Tamil Nadu Tax on Entry of Goods into Local Areas Act, 2001

10. Central Sales Tax Act, 1956

Now, the Commercial Taxes Department is administering the following Tax enactments with effect from 01.07.2017.

1. Tamil Nadu Value Added Tax Act, 2006, Central Sales Tax Act, 1956 (only for the six commodities that find place in Serial Number 54 of State List of the Seventh Schedule to the Constitution of India)

2. Tamil Nadu Goods and Services Tax Act, 2017

8. Administrative Cost

Cost efficiency of Tax administration by Commercial Taxes Department has been improved over the years. Administrative cost of
Commercial Tax collection has never crossed even one percent of the total tax receipts in a year. This continues even in the context of administration of Tamil Nadu Value Added Tax Act, 2006 and Tamil Nadu Goods and Services Tax Act, 2017.

9. **Goods and Services Tax (GST)**

9.1 **Goods and Services Tax**

The initiatives taken by the Commercial Taxes Department on implementation of GST in the State with effect from 01.07.2017 has not only resulted in smooth migration of existing tax payers under Value Added Tax to the Goods and Services Tax and also increase in taxpayers base under GST and filing of monthly returns.

After implementation of Goods and Services Tax in our State, there has been representations from taxpayers to alleviate certain difficulties in the procedures followed in
GST vis-à-vis erstwhile VAT. In order to address these issues, on the recommendations of the GST Council, various amendments have been issued to the Tamil Nadu Goods and Services Tax Act, 2017 in Act No.3 of 2019 dated 14.01.2019 to tweak certain changes in the procedures followed in GST, to make the GST system user friendly.

9.2 Goods and Services Tax Council

The Goods and Services Tax Council has resolved various issues relating to transitional provisions, rationalization of rate of taxes and job works in relation to various sectors, grant of extension of due dates for furnishing of certain statutory returns on the common portal, waiver of late fee payable, removal of technical glitches of GSTN (Goods and Services Tax Network), the effective date for Tax Collection at Source (TCS) & Tax Deduction at Source (TDS) by 01.10.2018
and postponing Reverse Charge Mechanism (RCM). Based on the recommendations by the GST Council, various Notifications, Circulars and Clarifications are being issued under GST Act.

In the 35th GST Council meeting held on 21st June, 2019, the following taxpayer’s friendly measures were taken:-

- To extend the due date for filing of annual returns till 31.8.2019 for providing relief to taxpayers.

- To extend the due date for furnishing FORM GST ITC-04 till 31.08.2019 for providing relief to job workers.

- To implement new return format on trial basis from July 2019 in which small taxpayers are given relief by filing quarterly return in simple format.
To extend the due date for filing FORM GST CMP-02 till 31.07.2019 to give relief to small service providers.

Tamil Nadu is also raising the issue of reduction / exemption on many goods and services based on the representations received from the traders and it is being constantly pursued in the GST Council meetings.

In view of providing relief to the taxpayers affected by the cyclone “Gaja”, the due date of filing of return in FORM GSTR-3B and the details of outward supply of goods or services or both in FORM GSTR-1 for the month of October, 2018 for registered persons whose principal place of business located at Cuddalore, Thiruvarur, Pudukkottai, Dindigul, Nagapattinam, Theni, Thanjavur, Sivagangai, Thiruchirappalli, Karur and Ramanathapuram districts in the State of Tamil Nadu was extended from 20.11.2018 to
20.12.2018 as per the recommendations of the GST Council.

9.3 Screening Committee on Anti-profiteering, Authority for Advance Ruling and Appellate Authority for Advance Ruling

A state level Screening Committee on Anti-profiteering for the State of Tamil Nadu has been constituted in order to ensure that businesses pass on the benefit of reduced tax incidence on goods or services or both to the consumers by way of commensurate reduction in prices under the Goods and Services Tax regime. Further, in order to enable tax payers to seek a binding clarity on taxation, the Tamil Nadu Authority for Advance Ruling and Appellate authority for Advance Ruling are functioning.

State Level Screening Committee on Anti-profiteering for the State of Tamil Nadu consists of the Joint Commissioner(State tax),
Enforcement-I, Chennai and Commissioner, Goods and Services Tax, Chennai North Commissionerate, Chennai and functioning at office of the Joint Commissioner (ST), Enforcement-I, Second floor, Greams Road, Chennai – 600 006, accessed through Telephone number 044-28291717, FAX No.044-28291717, e-mail: jcenf.chn1@ctd.tn.gov.in

Further, in order to enable tax payers to seek a binding clarity on taxation, the Tamil Nadu Authority for Advance Ruling is also set up and functioning at Room No. F10, First Floor, PAPJM Buildings, No.1, Greams Road, Chennai-600 006, accessed through e-mail id: jc.adv.rul@ctd.tn.gov.in and Appellate Authority for Advance Ruling is functioning at second floor, ‘Ezhilagam’, Chepauk, Chennai-600 005, accessed through Telephone No.044-28521744 and e-mail id: cct@ctd.tn.gov.in
9.4 Distribution of tax payers

In the previous Value Added Tax regime, the tax payers had to face both the Central and State tax authorities and were subjected to compliance requirements under several Central and State Laws. However, under Goods and Services Tax, dealers are required to face only one authority and comply with one law. The compliance burden has therefore been reduced to a very large extent due to cross-empowerment between the Central and the State tax administrations. The massive exercise of division of taxpayers between the Central and the State tax administrations in our State has already been carried out.

9.5 Rates of Goods and Services Tax

Under Goods and Services Tax Act, nearly

- 183 goods and 97 services are fully exempted from tax.
• 308 goods brought under reduced rate of tax at 5%.

• 178 goods are kept under 12% rate of tax.

• 517 goods are kept under 18% rate of tax.

• 32 goods are kept at highest rate of tax at 28%.

• To compensate the loss of revenue to State due to implementation of Goods and Services Tax, compensation Cess is levied on certain goods taxable at 28%.

• Apart from this, 18 goods relating to precious stones, gold, silver and platinum are kept under 3% rate of tax.

• 3 goods relating to Diamond and precious stones are kept under 0.125% rate of tax.
• Provision is made to registered traders and manufacturers, whose taxable turnover is up to Rupees One crore, to pay tax at compounding rate of tax at 1% upto 31.03.2019. Provision is made to registered traders and manufacturers, whose taxable turnover is up to Rupees One crore fifty lakh, to pay tax at compounding rate of tax at 1% with effect from 01.04.2019.

• Tax is levied on imported and inter-state supply of Goods and Services under the Integrated Goods and Services Tax Act.

  Representations from Trade and Industry Associations are obtained and after due examination, the requests are forwarded with remarks to the GST Council for implementation. Any modification on rate of tax of goods and services shall be made by the Union and State
Governments based on the recommendations of the Goods and Services Tax Council only.

Till date, the GST Council has conducted 35 meetings during which the rate of tax on various goods and services have been reduced and also various goods and services have been exempted from levy of tax thereby providing great relief to the public in general and traders in particular.

9.6 e-Way Bill

e-Way Bill system under the GST Regime was introduced from 01.04.2018 for Inter-State movement of goods and from 02.06.2018 for intra-State movements. In our State for intra-State movement, no e-way bill required to be generated for the consignment value up to One Lakh rupees. Besides, Tamil Nadu has also granted exemption on the intra-state movement of 100 goods irrespective of value of the
consignment. A separate portal for e-way bill (ewaybill.nic.in/ewaybillgst.gov.in) has been rolled out. Up to 31-03-2019 around 2,59,000 taxpayers were registered and about 2.01 crore of e-way bills for inter-State movements and around 2.98 crore of e-way bills for intra-State movements were generated through the portal. Further, 351 login ids have been created in e-way bill system for accessing e-way bill related data. Tamil Nadu is the 5th highest State in the country for the generation of e-way bills.

At present, e-way bill system under the Tamil Nadu Goods and Services Tax Act, 2017 has been implemented, providing exemption to 100 goods for intra-state supply within the State of Tamil Nadu from 02.06.2018. By this, Micro, Small and Medium Enterprises could be able to move the goods intra-state without any hindrance and in fact there is an
improvement in compliance of E-way Bill system of implementation in those sectors.

10. Traders Welfare

10.1 Traders Welfare Board

10.1.1 Activities

Tamil Nadu Traders Welfare Board was constituted for implementing several welfare schemes for the traders. The corpus fund has been raised from Rs.5 crore to Rs.10 crore with effect from 25.01.2017. As on 31-03-2019, the number of members is 46,883.

10.1.2 Renewal of membership fee

The annual renewal of membership fee has been exempted and provision has been made to small dealers, who are doing business by obtaining necessary license from the concerned local bodies, to become a member of the Board, even in cases either they are not registered
under the Tamil Nadu Value Added tax Act, 2006 or not covered under professional tax.

10.1.3 Welfare Schemes

Various welfare schemes viz., family assistance, medical assistance, fire accident assistance and educational assistance for having secured high marks, etc., are being provided by the Traders Welfare Board to their members and their families on production of necessary certificates.

1. Hon’ble Chief Minister had handed over the cheques to the eligible applicants in the function held in the Secretariat on 25.07.2018. Family Welfare Assistance was sanctioned to 12 eligible applicants to the tune of Rs.12 lakh i.e one lakh per applicant. One applicant was sanctioned with Medical Assistance for Heart Surgery for Rs.50,000/-. Welfare
Assistance to the tune of Rs.132.27 Lakh has been granted to 557 members so far.

2. Due to unprecedented floods in Kerala during the month of August, 2018, the Government considering the interest of the members of the Tamil Nadu Traders Welfare Board had issued orders for drawal of fund of Rs.30 lakh from the Tamil Nadu Traders Welfare Board’s Corpus fund, for purchase of relief materials to the people affected by the flood situation in Kerala. This measure has been undertaken by the Government of Tamil Nadu to help the traders of Tamil Nadu as they have a lot of customers from Kerala and the traders have high turnover of goods & services being sent from Tamil Nadu to Kerala, particularly in the border
districts of Coimbatore, Madurai, Tirunelveli and Kanyakumari and the damage caused by the floods will have a major effect on the customers of the Tamil Nadu Traders. Also help rendered by the traders of Tamil Nadu to Kerala in its hour of need generated goodwill towards the State and its trade, which will be helpful to the traders in the long run.

11. Computerisation

11.1 Total Solution Project

Total Solution Project of the Commercial Taxes Department with GST compatibility at a cost of Rs.230.95 crore was taken up.

The prime objectives of the Total Solution Project are:
• Improve service delivery for the dealers through
  a) Providing anytime anywhere access to Services
  b) Reduction in service turnaround time and minimal physical interaction with the Department
  c) Increased channels for service delivery
  d) Transparency in service delivery

• Support the Department in achieving its goal of enhanced revenue collection through
  a) System aided decision making in core Tax processes
  b) Greater G2G collaboration
  c) Simplification and streamlining of the procedures of the Department and reduction of cumbersome, time-consuming and non-value adding activities of the Department so that the staff can spend their time on core activities
d) Enhanced Analytics and reporting capabilities and business intelligence for system aided decision making.

Due to the implementation of Goods and Services Tax Act, 2017, registered dealers who are dealing with six commodities that are kept outside the purview of the Goods and Service Tax Act are utilizing the following online services provided through the portal :-

1. Monthly Return Filing
2. E-payment of taxes (online and offline)
3. Online generation of Forms JJ, KK, LL and MM
4. Assessment and Recovery
5. Form –W filing for Refund
6. Online generation of statutory forms including ‘C’ and ‘F’ Forms
Presently dealers can pay the taxes online through 31 Banks authorized by the Reserve Bank of India. Payment through Challans at Bank counters can also be done through 11 Banks.

11.2 Other online Services

The following facilities / services are also available in the website https://ctd.tn.gov.in for the mercantile public:-

- Viewing and downloading of the Acts & Rules, Forms, Circulars, Clarifications, Government Orders and Notifications issued then and there.

- The facility to view dealer payment history and profile (Dealer’s Ledger) by logging into the system.

- On-line search facility to know the rate of tax and commodity code.
• On-line search facility of the details of dealers by entering their TIN or Name.

• Separate icon provided for GST with updates useful for all the dealers.

11.3 **Intranet facilities to the Department**

1. All the works in the Assessment Circle relating to the dealers are done through backend business software developed by Tvl. Tata Consultancy Services (TCS) with proper work flow in the backend business system, appointed through Tender system.

2. Digital Signature Certificate has been provided to all the officials in the Assessment Circle from Deputy State Tax Officer cadre, for generating the digitally signed TIN Registration Certificate and all other works related to dealers.
3. Assessment of dealers is completely driven through system.

4. All the Statistical reports have been generated through online.

5. Tax Revenue reports based on online and offline payment of taxes also been generated through online.

6. SAS enabled BI tool is being used by the Department to identify possible tax evaders. Analysis on misuse of TRAN-1 has been incorporated in the SAS tool and the officers have been provided with the taxpayer data who might have misused transitional credit. The reports generated using the SAS tool is being made readily available in the Back office portal to all officers.

7. Intranet Connectivity has been provided to the officials of the Commercial Taxes Department (through the Service Providers
Sify and BSNL (ELCOT), for accessing the Back-office Application of TSP as well as the GST viz. Registration Approval, Refund Approval, Cancellation, Revocation, etc. which can be accessed only by the officials in their respective login credentials, without the help of internet in a more secured way.

8. The number of users can be defined by the department in Intranet Connectivity, whereas in internet it cannot be restricted for the number of users entering into the system, which helps in enhancing the speed/performance of the connectivity.

9. GSTN has provided MPLS link which is terminated at ELCOT SDC, Perungudi and it is integrated with TSP integration Server. State specific GSTN data are handled through API – Application Program Interface. GSTN is developing API for every
functionality and for data transfer. The same has been integrated with department application server and the scheduler will process the data which is sent by GSTN in the state database server. Based on the processed data, task will be created and available for the state authorities in the back-office application through intranet. Similarly after authorities take action on the task, data will be transferred to GSTN through API via MPLS link terminated at SDC.

11.4 Implementation of GST

11.4.1 Dealers migration to GST portal

The Goods and Services Tax has been implemented throughout the country from 01.07.2017 onwards. All existing registered dealers under TNVAT Act have successfully migrated to the GST portal. The dealers were
provided with facility to upload the JSON (Java Script Object Notation) file to the GST portal which has the registration details of the dealers.

As on date 5,89,000 dealers have migrated to the GST portal. This includes dealers who have been permitted to migrate as per the decisions taken by the GST council.

**11.4.2 Registration of new tax payers through the GST portal**

Registration of new tax payers under GST is done through the GST portal. The tax payers can apply for Registration and obtain Registration Certificates without visiting the offices. 3,12,517 tax payers of our State have got their GSTIN Registration through the GST portal as on 31.03.2018. 4,54,239 tax payers allotted to both Centre and State have got their GSTN Registration as on 31.03.2019.
As on 31.03.2018, about 7,45,000 taxpayers are registered in the GST portal and availed the e-services provided therein. 9,66,150 tax payers registered in the GST portal as on 31.03.2019, availed the e-services provided therein.

In the GST portal, Help desk number 0120-4888999 and Log / Track your issue: Grievance Redressal portal for GST have been provided.

State Help desk has also been provided to mercantile public in the Commercial Taxes Department Website with toll free number 18001036751 and e-mail id: helpdesk@cto.tn.gov.in and also an “User manual” has been provided containing the procedures on how to file returns by unregistered dealers, e-payment, generation of online statutory forms, e-returns, Tax payer user
manual, Dealer handbook in Tamil, help file for filing Form-W, help file for frequent issues etc.

11.4.3 GST Return filing

The various returns under the GST are filed in GSTN and the same are also being brought into CTD back office through API (Application Programming Interface) provided by GSTN. On an average, 6.25 lakh tax payers per month are filing GSTR 3B with the payment of tax.

11.4.4 Data Retrieval Lab

The Data Retrieval Lab has been established which enables the Department to detect the IT enabled evasion and different kinds of sophisticated trade malpractices by processing the data seized from the place of business of dealers, which have been stored in different electronic storage devices and deciphering the suppressed transactions.
Data from the electronic storage devices like Hard disks, seized from dealer premises have been retrieved and processed in the Lab. Training on the data retrieval has also been given to the Department officials.

12. Infrastructure and Amenities

12.1 Construction of own buildings for Commercial Tax offices

The policy of the Government is to provide better facilities to the staff and visiting traders and to provide good working environment. Therefore, it has been decided to construct own buildings for the Commercial Taxes Offices functioning in private buildings and accordingly, sanction accorded for construction of 30 buildings for the Commercial Taxes Offices in various locations at an estimated total cost of Rs.126.21 crore. Out of these, 20 buildings at an estimated cost of Rs.25.72 crore have been completed. Remaining 10 buildings are under
construction at an estimated cost of Rs.100.49 crores in various locations, which includes construction work of an Integrated building for both Reg. & CT Dept. at an estimated cost of Rs. 73.17 crores at South Chennai, wherein 52 Commercial Taxes Offices are proposed to be accommodated. In North Chennai, the construction work of an Integrated building for accommodating 34 offices at an estimated cost of Rs.26.50 crores is nearing completion and an Integrated building at an estimated cost of Rs.11.55 crores at Nazarethpet village, near Poonamalley for accommodating 17 offices is also nearing completion. After completion of the building in North Chennai and Nazarethpet, 51 offices in Chennai Divisions will be shifted to the above two new buildings. If the building in South Chennai is also completed, all the Commercial Tax offices functioning in private building in
Chennai city and its suburban areas will be accommodated in Government buildings.

12.2. Additional Fund for Building Maintenance

The Government sanctioned a sum of Rs.5.20 crores for carrying out the special maintenance work through Public Works Department and also for providing furniture through TANSI in various Commercial Tax Offices housed in Government buildings. At present, the works have been completed and the offices are functioning in good working environment.

Apart from this, during 2017-18, sanction was accorded for installation of CCTV cameras in 10 Commercial Tax Office buildings at an estimated cost of Rs.129.07 lakhs and the works have been completed in 9 divisions. Action is being taken to install the CCTV Cameras in the
office of the Joint Commissioner(ST), Trichy, Assistant Commissioner(ST), Srirangam assessment circle and Commercial Tax Officer, Lalgudi situated in Trichy Training Institute campus. Also, action is being taken to make all the Commercial Taxes buildings under construction to be user friendly for the differently abled persons.

13. **Right to Information Act, 2005**

The Commercial Taxes Department with fairly large amount of direct interaction with the mercantile public ensures that the activities of the Department are conducted in a simple and transparent manner. Towards this objective, the Department gives special importance to all the applications received under the Right to Information Act, 2005 from general and mercantile public and replies are sent promptly to the applicants in all the cases. Under this Act,
during the year 2018, 870 applications have been received and information furnished. A sum of Rs.8,904/- has been collected as fees against the information provided.

K.C.VEERAMANI
MINISTER FOR COMMERCIAL TAXES
Act wise Revenue Collection – 2018–2019

(Rupees in Crore)

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<th>Description</th>
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<td>(Petrol &amp; Liquor)</td>
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<td>Value Added Tax / Tax Arrears</td>
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<td>GST Compensation</td>
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<td><strong>Total</strong></td>
<td><strong>87,905.26</strong></td>
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Commercial Tax Office Building at Krishnagiri inaugurated by the Hon'ble Chief Minister

Officers working in Krishnagiri Commercial Tax Office
On 30.08.2018, Hon’ble Minister for Commercial Taxes flagged off two lorries carrying essential relief materials to the flood affected Alappuzha and Ernakulam Districts in Kerala State.

Hon’ble Chief Minister handed over new jeeps for use by Commercial Taxes Department.
Hon'ble Chief Minister of Tamil Nadu granted welfare assistance cheques to the legal heirs of the deceased members of the Tamil Nadu Traders Welfare Board in Secretariat on 25.07.2018.