



2008-2009

# ANNUAL REPORT

COMMERCIAL TAXES DIVISION  
FINANCE, REVENUE AND  
EXPENDITURE DEPARTMENT  
GOVERNMENT OF SIKKIM

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## PREFACE

Maintaining the continuity of the practice of recording its achievements and various activities, the Commercial Taxes Division of the Finance, Revenue and Expenditure Department, Government of Sikkim is hereby bringing out the Annual Report for the year 2008-09.

The Annual Report reflects the contribution of the Division towards augmentation of the state revenue from various taxes/cesses.

It may be briefly mentioned here that during the period under report, in overall, there has been increase of target by 31.25% and 26.54% increase against the previous year's collection (excluding state income tax). The revenue head-wise bifurcation of achievements is mentioned hereafter in the Report along with other relevant details.

All the officers and staff of the Division have put relentless efforts in realization of the revenue that surpassed the set target during the year under report. I have the confidence that they will keep up working hard to maintain this positive trend in future too.

( R.Ongmu )IAS  
Principal Secretary,  
Department of Finance, Revenue and Expenditure

**A. ACTS ADMINISTERED BY THE COMMERCIAL TAXES DIVISION**

1. Sikkim Sales Tax Act, 1983
2. Central Sales Tax Act, 1956
3. Sikkim Value Added Tax Act, 2005
4. Sikkim Ecology Fund and Environment Cess Act, 2005
5. Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006
6. Sikkim Transport Infrastructure Development Fund Act, 2004
7. State Income Tax Manual,1948(Discontinued w.e.f.16.06.2008 vide Circular no.2/Fin/Adm )

**B. ORGANISATIONAL STRENGTH OF THE DIVISION**

Sl.no	Designation	Strength
1	Additional Commissioner	1
2	Joint Commissioner	3
3	Deputy Commissioner	4
4	Assistant Commissioner	5
5	Accounts Officer	1
6	Assistant Director/Systems	1
7	Private Secretary	1
8	Office Superintendent	1
10	Senior Accountant	1
11	Commercial Taxes Inspector	15
12	Programmer	1
13	Stenographer	1
14	Accountant	5
15	Jr.Accountant	1
16	UDC	2
17	Assistant Inspector	7(Regular) 2(Adhoc)
18	Accounts Clerk	1
19	LDC	10
20	Tax Collector-From Forest Deptt.	4
21	Checkers	17
22	Peon	8(Regular) 2(MR)
23	Drivers	6(Regular) 8(MR) 1(Substitute)

**C. OFFICES/SECTIONS UNDER THE DIVISION:**

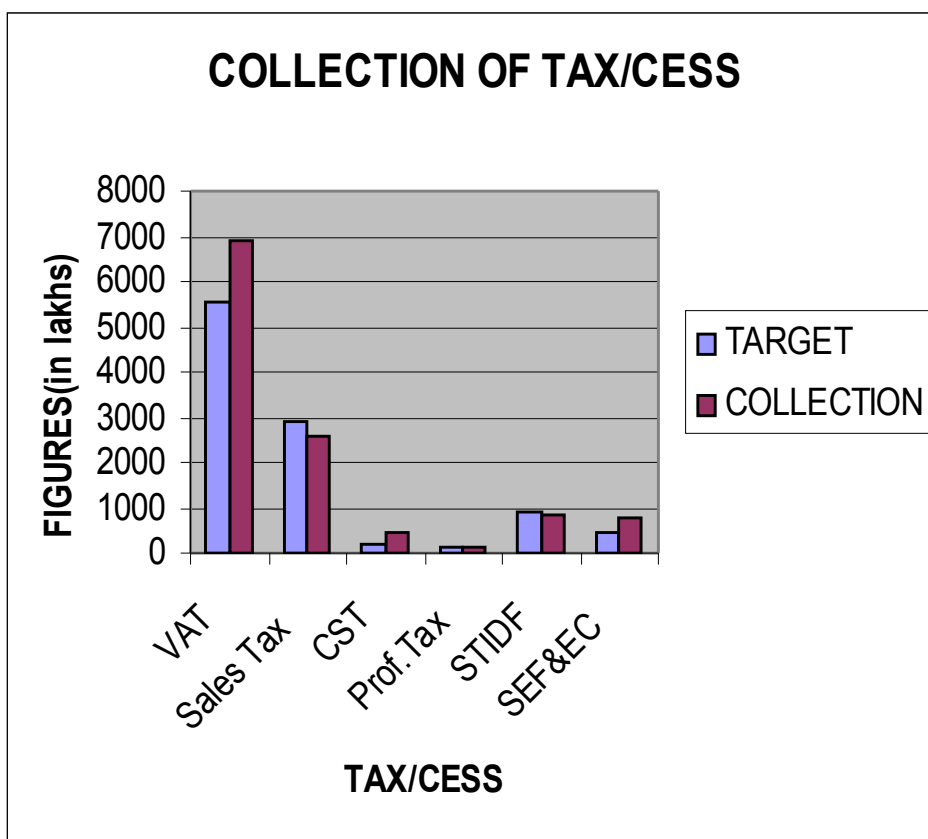
1. Commercial Taxes Division(Head Office)  
Sonam Tshering Marg, Secreteriat Annexure-I, Gangtok
2. Office of the Joint Commissioner of Commercial Taxes (south/West Section),Karfectar,South Sikkim.
3. Office of the Joint Commissioner, Profession Tax and Environment Cess,Lower Secretariat,N.H.Way,Gangtok.
4. Office of the Assistant Commissioner of Commercial Taxes,Rangpo Check Post.
5. Office of the Commercial Taxes Inspector,Melli Check Post.
6. Raman Check Post,West Sikkim
7. Reshi Check Post,East Sikkim

**D. TARGET AND COLLECTION FOR 2008-2009**

(Rupees in lakhs)

SL.NO.	TAX/CESS	TARGET	COLLECTION	+/-	%Increase
1.	VAT	5537	6905.76	1368.76	24.72
2	Sales Tax	2900	2606.20	-293.80	-
3	CST	200	450.42	250.42	125.21
4	Prof.Tax	150	154.57	4.57	3.04
5	STIDF	900	854.58	-45.42	-
6	SEF&EC	420	797.37	377.37	89.85
TOTAL COLLECTION		10107	11768.90	1661.90	16.44
	State I.T.		14.59	*	

- \* Collection of State Income Tax was discontinued w.e.f.16.06.2008 vide Circular no.2/Fin/Adm except the arrears.
- Total revenue target set by the government was Rs.**101.07** crores against which the Division was able to achieve a collection of Rs.**117.69** crores.Thus exceeding the target by Rs.**16.62** crores.



#### E. DETAILS OF THE COLLECTION OF TAX/CESS

##### 1. Value Added Tax(VAT)

Target:	Rs. 55,37,00,000
Achievement:	Rs. 69,05,76,000

SOURCES: All the vat able items except liquor, petroleum items and molasses as listed in the Schedule II,III .VI and V of the Sikkim Value Added Tax Act,2005.

a.	Admitted tax (Automobile dealers)	Rs. 9,63,23,888
b.	Admitted tax (Other dealers)	Rs. 13,70,71,277
c.	Imposition of penalty:	Rs. 6,85,848
d.	Special Permit:	Rs. 1,10,100
e.	Sale of Statutory Forms:	Rs. 6,50,575
f.	NOC fee:	Rs. 4,28,700
g.	Tax Deduction at source	Rs. 45,53,05,612
	<b>TOTAL</b>	<b>Rs. 69,05,76,000</b>

PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2005-06	20	25.92
2006-07	22	43.47
2007-08	37	49.44

2. **SALES TAX**

Target:	Rs.	29,00,00,000
Achievement:	Rs.	26,06,20,000

SOURCES: Liquor & petroleum products:

a.	Liqueor:	Rs.13,66,00,000
b.	Petroleum products:	Rs. <u>12,40,20,000</u>
	TOTAL	Rs. <u>26,06,20,000</u>

PAST COLLECTIONS:

(Rupees in crores)

Years	Target	Actual Achievement
1997-1998	13.00	12.71
1998-1999	15.50	13.06
1999-2000	16.00	13.64
2000-2001	16.50	24.50
2001-2002	21.50	35.00
2002-2003	21.50	41.38
2003-2004	27.00	48.87
2004-2005	35.00	48.07
2005-2006	24.00	23.43
2006-2007	24.00	26.74
2007-2008	25.00	25.89

### 3. CENTRAL SALES TAX

Target:	Rs. 2,00,00,000
Achievement:	Rs. 4,50,42,000

SOURCES: Exported items

a. Admitted tax through Return Filing:	<u>Rs.4,50,42,000</u>
TOTAL	Rs. 4,50,42,000

#### PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2005-2006	3.00	7.30
2006-2007	4.00	4.67
2007-2008	4.00	5.99

### 4. SIKKIM TAX ON PROFESSIONS, TRADE, CALLINGS AND EMPLOYMENT

Target:	Rs. 1,50,00,000
Achievement:	Rs. 1,54,57,000

SOURCES: As per the entries made in the Schedule of the Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006

a. Contractors :	Rs. 4, 14,300
b. Salaries(Central Offices and Private Institutions)	Rs. 38, 98,394
c. Dealers:	Rs. 14, 33,942
d. LIC agentst:	Rs. 1, 08,200
e. Tax Deduction at Source	Rs. <u>96, 02,164</u>
TOTAL	Rs. <u>1, 54, 57,000</u>

#### PAST COLLECTIONS:

YEAR	TARGET	COLLECTION
2006-2007	1,00,00,000	18,69,416
2007-2008	2,00,00,000	85,00,000



## 5. SIKKIM TRANSPORT INFTRSTRUCTURE DEVELOPMENT FUND

Target: Rs. 9,00,00,000  
Achievement: Rs. 8,54,58,000

SOURCES: Petroleum products like petrol and diesel @ Rs.2 per liter.

a. Admitted tax through Return Filing: Rs. 8,54,58,000  
TOTAL Rs. 8,54,58,000

### PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2005-2006	3.00	.58
2006-2007	7.50	6.69
2007-2008	7.50	8.50

## 6. SIKKIM ECOLOGY FUND AND ENVIRONMENT CESS

Target: Rs. 4,20,00,000  
Achievement: Rs. 7,97,37,000

SOURCES: On all the non-biodegradable items.

a. Through return filing : Rs. 7,38,726  
b. Tax Deduction at Source: Rs. 7,46,73,543  
c. Payments through cheque/draft Rs. 43,24,731  
TOTAL Rs. 7,97,37,000

### PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2007-2008	1.5	3.22

**COLLECTION OF REVENUE BY THE DIVISION FOR THE LAST ELEVEN YEARS.**

(Rupees in crores)

Year	Target	Actual Achievement	Decrease (-) Increase (+)	% Increase
1997-98	24.86	21.77	- 3.09	-
1998-99	30.50	31.38	0.88	2.88
1999-00	31.00	31.48	0.48	1.54
2000-01	34.50	43.78	9.28	26.89
2001-02	40.50	57.03	16.53	40.81
2002-03	47.50	74.98	27.48	57.85
2003-04	51.00	75.63	24.63	48.28
2004-05	62.00	81.82	19.82	31.96
2005-06	77.00	104.46	27.46	35.66
2006-07	88.00	121.34	33.34	37.88
2007-08	117.00	142.12	32.55	27.82

**COLLECTION FOR THE YEAR 2008-2009**

2008-09	101.07	117.69	16.62	16.44
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**F. REPORTS FROM VARIOUS SECTIONS:**

**1. ADMINISTRATION SECTION:**

Matters pertaining to administration are handled from the head office. During the financial year the section initiated the following actions.

- a. Manpower induction in the Revenue Cadre: Government approval obtained for the induction of the officers and Inspectors in the State Revenue Service and subordinate revenue service.

- b. Seniority list of the Inspectors under the Sikkim Subordinate Revenue Service notified.
- c. Examination for filling up of the three posts of Checkers conducted on 22.02.2009.
- d. Amendment in the transfer policy of the Check Post Officials made.
- e. A seminar cum Workshop organized on 24.07.2008 which was conducted by M/S Chaudhary & Associates, Consultant to the Government of Sikkim to get acquainted with the new system of tax deduction at source under the Income Tax Act, 1961 for all the state government officers associated with accounts and disbursement of funds.
- f. A seminar cum Workshop was organized which was conducted by M/S Chaudhary & Associates, Consultant to the Government of Sikkim for the compliance on Tax Deduction at Source under the Income Tax Act, 1961 for all the Drawing and Disbursing Officers and other Officers who are involved in making regular payments on 23.10.2008 in the Conference Hall of the Forest Secretariat.

**2. ACCOUNTS SECTION:**

The Budget allocated for the financial year 2008-09 was Rs. 69,46,000/- for the Income Tax Section and Rs.1,95,59,000/- for the Commercial Taxes Section. The Head wise budget provision and expenditure are as follows:

(Rupees in thousand)

HEAD OF ACCOUNTS	BUDGET	EXPENDITURE
2020- IT 00.101- Collection Charges 44- Head Office Est.		

00.44.01- Salaries	4902	4902
11- Travel Expenses	150	150
13- Office Expenses	488	488
50- Other Charges	106	106
Total-44-Head Office Est.		
66-Jorethang Sub.Div.		
00.66.01-Salaries	1190	1190
11- Travel Expenses	35	35
13- Office Expenses	75	75
Total 66-Joretang Sub Div.		
Total :- 2020-IT	<b>6946</b>	<b>6946</b>
2040-ST		
00.101- Collection Charges		
44-Head Office Est.		
00.44.01- Salaries	9577	9577
11- Travel Expenses	500	500
13- Office Expenses	2157	2157
14- R.R.T	215	215
50-Other Charges	3260	3260
(VAT )		
Total-44 Head Office Est.		
66-Jorethang Sub Division		
00.66.01-Salaries	3130	3130
11-Travel Expenses	175	175
13- Office Expenses	500	500
14-R.R.T.	45	45
Total-66 Jorethang Sub Div.		
Total- 2040 - ST	<b>19559</b>	<b>19559</b>

**STATEMENT SHOWING THE REVENUE RECEIPTS FOR THE YEAR 2008-09**

Heads/Sub-heads of development as per development programme	Budget Estimate	TOTAL REALISATION
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		2008-09
1	3	6
0021-Taxes on Income other than Corporation Tax		
104-Taxes on Income levied under State		
Law(Sikkim)	0	145913
Income & Expenditure		
107-Taxes on Professions, Trade, Callings & Employment.	15000	15457
0040-Taxes on Sales Trade etc.		
101 Receipts under C.S.T	20000	45042
102 Receipt under S.T.	290000	260620
110 Trade Tax	553700	690576
TOTAL 0040	863700	996238
0045 Other Taxes & Duties on Commodities & Services		
112 Receipts from Cesses under Other Acts (IT & CT )		
01 Receipts under the Sikkim Transport Infrastructure Dev fund	90000	85458
02 Receipt under the		

Sikkim Ecology Fund and Environment Cesses Act	42000	79737
Grand		
Total	1010700	1322803*

\*Includes proceeds from state income tax(arrears)

### 3. **STATE INCOME TAX SECTION:**

Consequent to the issue of Circular no.2/Fin/Adm dated 16.06.2008 assessment and collection of state income tax was stopped .However, collection of the arrears is being carried on.

The Division came out with a White Paper on the Direct Tax laws in Sikkim (Volume –III) which was placed in the state assembly.

### 4. **COMPUTER SECTION (Information Technology)**

The Computer Section of the Division undertook the following initiatives.

#### I. VAT Section

a. As per the Memorandum of Understanding the Project Implementation Committee was formed on 02.02.2008 with the aim to complete VAT Software by December,2008.However,due to problems concerning software manpower, the project was left in limbo.The budget was reallocated for the next financial year by the Ministry of Finance,Government of India. Apart from modifying existing software and generating reports no progress could be made.

#### b. TINXSYS(Tax Information Exchange System):

As required by TINXSYS user ID were allotted to all officers and inspectors. Information on Form C uploading is under progress. Several mismatched information as indicated by TINXSYS are being sorted out by concerned circle offices.

II Profession Tax/CESS:

Based on the existing VAT software, Environment Cess registration is a computerized process which hardly takes time. Software on returns and assessment is also at the completion stage. The Software is made compatible with VAT software by the Programmer.

III. In-house software:

By the efforts of the computer cell, some semblance of e-governance is evident. The task of staff having public interface are made much easier. The public have also benefited by way of saving time. The Division is able to obtain information quickly and easily. The ongoing software are issue of special permit, challan entry and printing, NOCs for contractors/vehicles, etc.

Due to upcoming elections, commencement of submitting cheques to private banks have come to a halt. The project is on the launching pad.

Hardwares:

- i. No new hardwares were added during the year.
- ii. Annual Maintenance Contract of the hardwares is continuing as before.

Manpower: Outsourcing of Data Entry Operators is being done through M/S Navigator on the need basis.