



ANNUAL REPORT
2009-2010

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

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	Special Commissioner	1
2	Joint Commissioner	2
3	Deputy Commissioner	6
4	Assistant Commissioner	8
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	11
12	Programmer	1
13	Stenographer	1
14	Accountant	5
15	Jr.Accountant	2
16	UDC	2
17	Assistant Inspector	7(Regular) 3(Adhoc)
18	Accounts Clerk	1
19	LDC	10
20	Tax Collector-From Forest Deptt.	4
21	Checkers	20
22	Peon	8(Regular) 2(MR)
23	Drivers	6(Regular) 8(MR) 1(Substitute)

C. OFFICES/SECTIONS UNDER THE DIVISION:

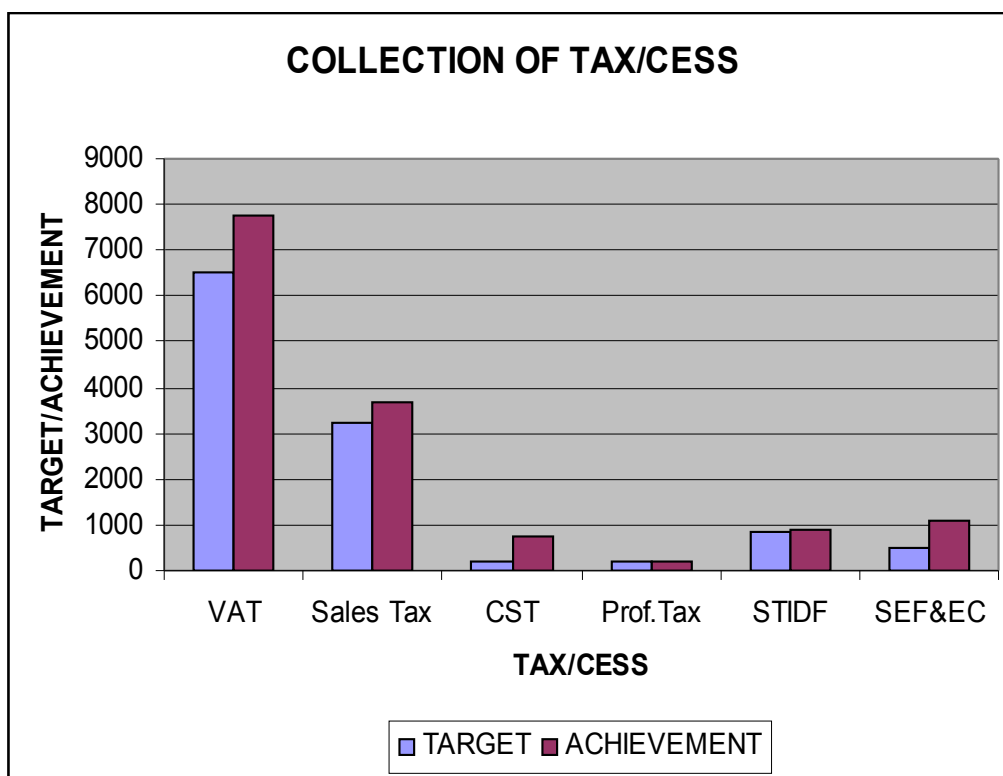
1. Commercial Taxes Division(Head Office)
Sonam Tshering Marg,Secreteriat Annexure-I,Gangtok
2. Office of the Joint Commissioner of Commercial Taxes(south/West Section),Jorethang, South Sikkim.
3. Office of the Joint Commissioner, Profession Tax and Environment Cess,Lower Secretariat,N.H.Way,Gangtok.
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 2009-2010

(Rupees in lakhs)

SL.NO.	TAX/CESS	TARGET	COLLECTION	+/-	%Increase
1.	VAT	6500	7734.76	1234.76	19.00
2	Sales Tax	3248	3681.67	433.67	13.35
3	CST	200	765.48	565.48	292.74
4	Prof.Tax	175	213.31	38.31	21.89
5	STIDF	855	906.19	51.18	5.99
6	SEF&EC	500	1118.04	618.04	123.61
TOTAL COLLECTION		11478	14419.44	2941.44	25.62
	State I.T.		73.20*		

- * Collection of State Income Tax was discontinued w.e.f.16.06.2008 vide Circular no.2/Fin/Adm except the arrears. Figure shown above is the arrears collected.
- Total revenue target set by the government was Rs.**114.78** crores against which the Division was able to achieve a collection of Rs.**144.20** crores.Thus exceeding the target by Rs.**29.42** crores.



E. DETAILS OF THE COLLECTION OF TAX/CESS

1. Value Added Tax(VAT)

Target:	Rs. 65,00,00,000
Achievement:	Rs. 77,34,76,000

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. 13,18,53,959
b.	Admitted tax (Other dealers)	Rs. 27,10,03,588
c.	Imposition of penalty:	Rs. 17,70,050
d.	Special Permit:	Rs. 1,24,034
e.	Sale of Statutory Forms:	Rs. 4,60,110
f.	NOC fee:	Rs. 9,99,983
g.	Tax Deduction at source	Rs. 36,72,64,276
	TOTAL	Rs. 77,34,76,000

PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2005-06	20	25.92
2006-07	22	43.47
2007-08	37	49.44
2008-09	55.37	69.05
2009-10	65	77.35

2. **SALES TAX**

Target: Rs. 32,48,00,000
Achievement: Rs. 36,81,67,000

SOURCES: Liquor & petroleum products:

a. Liqueur: Rs.
b. Petroleum products: Rs.
TOTAL Rs. 36, 81,67,000

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
2008-2009	29.00	26.06
2009-2010	32.48	36.82

3. **CENTRAL SALES TAX**

Target:	Rs.	2,00,00,000
Achievement:	Rs.	7,65,48,000

SOURCES: Exported items

a.	Cardamom	Rs.	5,01,247
b.	Hides & Skins	Rs.	7,455
c.	Admitted tax through Return Filing:	Rs.	7,60,39,298
	TOTAL	Rs.	7, 65,48,000

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
2008-2009	2.00	4.51
2009-2010	2.00	7.66

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

Target:	Rs.	1,75,00,000
Achievement:	Rs.	2,13,31,000

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

a.	Contractors	:	Rs.
b.	Salaries(Central Offices and Private Institutions)		Rs.
c.	Dealers:		Rs.
d.	LIC agents:		Rs.
e.	Tax Deduction at Source		Rs.____
	TOTAL		Rs. 2, 13,31,000

PAST COLLECTIONS:

YEAR	TARGET	COLLECTION
2006-2007	1,00,00,000	18,69,416
2007-2008	2,00,00,000	85,00,000
2008-2009	1,50,00,000	1,54,57,000
2009-2010	1,75,00,000	2,13,31,000

5. **SIKKIM TRANSPORT INFRASTRUCTURE DEVELOPMENT FUND**

Target: Rs. 8,55,00,000
Achievement: Rs. 9,06,18,000

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

a. Admitted tax through Return Filing: Rs. 9,06,18,000
TOTAL Rs. 9,06,18,000

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
2008-2009	9.00	8.55
2009-2010	8.55	9.06

6. **SIKKIM ECOLOGY FUND AND ENVIRONMENT CESS**

Target: Rs. 5,00,00,000
Achievement: Rs. 11,18,04,000

SOURCES: On all the non-biodegradable items.

a. Through return filing : Rs.
b. Tax Deduction at Source: Rs.
c. Payments through cheque/draft Rs.____
TOTAL Rs. 11,18,04,000

PAST COLLECTIONS:

(Rupees in crores)

YEAR	TARGET	COLLECTION
2007-2008	1.5	3.22
2008-2009	4.20	7.97
2009-2010	5.00	11.18

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
2008-09	101.07	117.69	16.62	16.44
2009-10	114.78	144.20	29.41	25.62

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. Three Checkers were appointed through open competitive examination.
- b. Annual transfer and posting of the Check post staff was made as usual.

- c. Interview of the drivers working on Muster Roll basis was done in order to regularize their services.
- d. Consequent to transfer of Smt.T.Kizom, Joint Commissioner, Smt.Vidya Subba was designated as the State Public Information Officer under section 5 of the Right to Information Act, 2005.
- e. In exercise of the powers conferred by Section 65(1) of Sikkim Value Added Tax Act, 2005, the checking point for the LANCO Power Project at Sumin Khor, South Sikkim was notified as 'Suminkhor Check post of Commercial Taxes, South Sikkim'.

Training:

1. Training on Goods and Services was conducted by the Department of Revenue, Ministry of Finance, Government at Administrative Staff College; Guwahati on 12.11.2009 .The following officers attended the training.
 1. Shri Manoj Rai,Deputy Commissioner
 2. Shri Prem Dhoj Rai,Deputy Commissioner
 3. Shri M.N.Dahal,Deputy Commissioner
 - 4 Shri Keshav Subba, Asstt.Commissioner
 5. Shri D.S.Rai, Asstt.Commissioner
 6. Shri Rabindra Rai, Asstt.Commissioner
 - 7 Shri Bikash Diyali,Asstt.Director
2. Training on Goods and Services was held at National Institute of Pubic Finance and Policy, New Delhi on 04-05 of March,2010 which was attended by the following officers:
 1. Shri Manoj Rai,Deputy Commissioner
 2. Shri Prem Dhoj Rai,Deputy Commissioner

3. Shri M.N.Dahal,Deputy Commissioner

3 Work shop on the design of Goods and Services Tax for India was organized by the National Institute of Pubic Finance and Policy, New Delhi on 30th Sep-1st Oct,2009 which was attended by the following officers:

1. Shri Manoj Rai,Deputy Commissioner

2. Shri Bikash Diyali,Asstt.Director

4 E-Governance training was conducted by the Indian Institute of Public Administration, New Delhi on 15-19th June,2009 which was attended by the following officers:

1. Smt.Kamala Rai,Asstt.Commissioner

2. Shri Bikash Diyali,Asstt.Director

Transfer and Posting

During the year the following officials of the Division were transferred to other departments:

1. Smt.T.Kizom ,Joint Commissioner

2. Shri K.S.Rai,Joint Commissioner

3. Shri D.S.Rai,Asstt.Commissioner

4. Shri Suman Pradhan,Jr.Accountant

The following officials were transferred to the Commercial Taxes Division.

1. Smt.C.C.Bhutia,Joint Commissioner(S/W)

2. Shri Raju Dong,Deputy Commissioner

3. Shri S.K.Pradhan, Deputy Commissioner

4. Mrs.D.Bhutia,Accountant

Promotions:

The following officials were promoted during the year:

1. Shri H.B.Rai,SRS,Addl.Commissioner to Special Commissioner

2. Shri Ajay Gurung, Inspector to Assistant Commissioner in the SRS cadre.

3. Shri Dorjee W.Bhutia, Inspector to Assistant Commissioner in the SRS cadre.

4. Shri R.B.Rai, Inspector to Assistant Commissioner in the SRS cadre.
5. Shri Sashi B.Rasaily, Inspector to Assistant Commissioner in the SRS cadre.
6. Mrs.Sunita Gurung,UDC to Head Assistant
7. Mrs.Kamala Rai,LDC to UDC
8. Mr.Suman Pradhan,Accounts Clerk to Jr.Accountant

Amendment of the various Acts and Rules

- a. The Sikkim Transport Infrastructure Development Fund Rules,2004 was amended to allow for smooth maintenance and administration of the cess collected under section 11 of the Sikkim Transport Infrastructure Development Fund Act,2004.
- b. The amendment in the schedule to the Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006 was done in order to insert a new serial no.17A wherein companies, persons, firms or individuals carrying on the business of or engaged in the profession of print, electronics or any kind of media or newspaper or journalism or publication of journals, books and printed materials were brought under the purview of Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006

3. ACCOUNTS SECTION:

The Budget allocated for the financial year 2009-10 was Rs. .Expenditures during the year was Rs. 29819223.The Head wise budget provision and expenditure are as follows:

STATEMENT OF BUDGET EXPENDITURE FOR 2009-10
Name of the Department;-CT Division.(Finance Rev.&Exp.)
DEMAND NO. 10

Major Head	Budget Provision	Expenditure
	(REVISED)	
2020.00.105.00.44.01.Sal	4789000	4788818
11.T.E	82000	71872
13.O.E	566000	413529
50.O.C	7518000	7518000
TOTAL	12955000	12792219
2040.00.101.00.44.01.Salaries	23034000	23033640
11.T.E	250000	246339
13.O.E	3000000	2999706
14.RRT	281000	262751
50.O.C.	3282000	3276787
TOTAL	29847000	29819223

Heads/Sub-heads of development as per development programme	Target	Collection 2009-10
0028-Other Taxes on Income & Expenditure		
107-Taxes on Professions, Trade, Callings & Employment.	17500	21331
0040-Taxes on Sales Trade etc.		
101 Receipts under C.S.T	20000	76548
102 Receipt under S.T.	324800	368167
110 Trade Tax	650000	773476
TOTAL 0040	994800	1218191
0045 Other Taxes & Duties on Commodities & Services		
112 Receipts from Cesses under Other Act		
01 Receipts under the Sikkim Transport Infrastructure Dev .fund	85500	90618
Ecology Fund and Environment Cesses Act	50000	111804

Grand Total	1147800	1441944
0021-Taxes on Income other than Corporation T ax 104-Taxes on levied under State	0	7320*

*Collection of arrears of state income tax

4. STATE INCOME TAX SECTION:

Assessment and collection of state income tax has been discontinued. However, collection of arrears till the financial year 2007-08 is being done.

5. COMPUTER SECTION (Information Technology)

Cheque Processing Software:

The Commercial Taxes started with a very interesting and challenging project from 28th April 2009. In this regard software was developed by Computer Cell of Commercial Tax Division which was deployed in all the branches of State Bank of Sikkim, Axis Bank and Sisco Bank. The software developed basically captured data of Dealers/Firms/Organizations/Departments paying or deducting Taxes and Cess in the form of Cheques in any of the branches of the Bank mentioned above within the State of Sikkim. The software has been designed in such a way that they capture two forms of data which are as follows:

1. Cheque Received :

Under this module any Dealers/Firms/Organizations/Departments paying or deducting Taxes and Cess in the form of cheques will come to any of the

above mentioned Bank. The entries of the cheques would be made in the software deployed by Commercial Taxes. After the entries are made all the designated banks at the day end would forward the electronically generated MIS by the software of cheque received by the bank to Computer Cell, Commercial Tax Head Quarter.

2. Cheque Clearing :

Under this module whatever cheques that has been received by the Bank has to be forwarded to clearing house for clearing and after the cheque are cleared each of the received cheques have to be marked as cleared and accordingly the funds has to be transferred to SBS along with the electronic MIS of cleared funds, cheques and payee details. Similarly same MIS also has to be forwarded to Computer Cell, Commercial Taxes Headquarter. Based on that MIS Computer Cell, Commercial Taxes Headquarter would generate Challan and sent to SBS for remittance.

During the Financial Year 2009-2010 the total amount collected was Rs. 884284833/- (Rupees Eighty Eight Crore Forty Two Lakhs Eighty Four Thousand Eight Hundred Thirty Three only). The break up Head Wise can be seen below

Levy Type	Head	Amount
Profession Tax	0028.107	5567589.00
CST	0040.101	69507953.00
LOCAL SALES TAX	0040.102	270957547.00
VAT	0040.110	402857547.00
STID CESS	0045.112.01	85567940.00

ENVIRO CESS	0045.112.02	49827536.00
		Total: 884284833.00

The additional amount collected through cash payment and entries found in the VAT Software is Rs. 50507939/-

Other software enhancements made during the year 2009-2010 are as follows

Bank wise (All SBS Branches) entry of gist of challan received like levy type, nos of challan and Amount.

Mission Mode Project:

NeGP (National e-Governance Project) comprises of 27 Mission Mode Projects (MMPs) encompassing 9 Central MMPs, 11 State MMPs and 7 Integrated MMPs spanning multiple Ministries/ Departments. "Mission Mode" implies that the objective and the scope of the project are clearly defined, that the project has measurable outcomes and service-levels, and the project has well-defined milestones and timelines for implementation.

MMPs are owned and spearheaded by various Line Ministries concerned for Central, State, and Integrated MMPs. The concerned Ministry/ Department is entirely responsible for all decisions related to their MMPs. However, decisions impacting NeGP as a whole are taken in consultation with DIT. Additionally, wherever required by the concerned Ministries/ Departments, DIT provides necessary support for project formulation and development.

Every State has the flexibility of identifying up to 5 additional State-specific MMPs (relevant for economic development within the State). In cases where central assistance is required, such inclusions are considered on the advice of the concerned Line Ministries/ Departments.

The Mission Mode project for Commercial Taxes has been initiated by Govt. of India so that apart from the software to administrator VAT in respective states. Now states should try and build better services delivery mechanism for dealers which should be technology driven. That is States should have such a system under which dealers get web-based solution to access various services offered by department without having him to come to office. The various services that the Commercial Taxes Division, Govt. of Sikkim would launch shortly are as follows:

1. E-Registration
2. E-Payment
3. E-Filling of Returns
4. E-C Forms
5. E-Waybills
6. E-Notices
7. E-Grievances
8. SMS
9. Helpdesk

In these regards the DPR is under preparation by M/s Wipro in association with Commercial Taxes Division, Govt. of Sikkim and NIC, Karnataka.

The details of the hardwares available in the Division are as under:

HEAD OFFICE	NUMBER'S
COMPUTER'S	24
PRINTER (LASER)	10

PRINTER (DOT MATRIX)	3
SERVER	2

PT/CESS OFFICE	NUMBER'S
COMPUTER'S	9
PRINTER (LASER)	4
PRINTER (DOT MATRIX)	-
SERVER	1

RANGPO OFFICE/ CHECKPOST	NUMBER'S
COMPUTER'S	6 (OFFICE) 1 (CHECKPOST)
PRINTER (LASER)	2
PRINTER (DOT MATRIX)	1
SERVER	1

JORETHANG OFFICE/MELLI CHECKPOST	NUMBER'S
COMPUTER'S	12(OFFICE) 1 (CHECKPOST)
PRINTER (LASER)	4
PRINTER (DOT MATRIX)	1
SERVER	1

TOTAL	NUMBER'S
COMPUTER	51
PRINTER (LASER)	20
PRINTER (DOT MATRIX)	5
SERVER	5

Annual Maintenance Cost (AMC) for the year was executed by HCL.

6. Goods and Services Tax (GST)

GST is proposed to be implemented with effect from 1st April; 2011. GST is a part of the proposed tax reforms that center around evolving an efficient and harmonized consumption tax system in the country. The Empowered Committee has recommended a dual and concurrent GST-that is, having two components: one levied by the Centre. (Central GST) and the other levied by

the state and the union territories. (State GST) GST would be leviable on all transactions involving supply of goods and services for a consideration.

The following are the basic recommendations of the Empowered Committee to the Ministry of Finance, Government of India:

- a. Rates: GST to start as dual rate with components of central and state levies. In the first year, 2011-12, Central GST to be 20% standard rate, with 6% as essential goods. Services to be taxed at 8%. State GST likely to be at same levels. In the second year, standard rate to come down to 9% each for central and state, rest to be kept unchanged. In the third year, combined 16% GST for Central and states.
- b. Threshold limit: The proposed limit of threshold is Rs.10 lakhs for SGST and Rs.150 lakhs for CGST.
- c. High speed diesel, motor spirit and liquor to be kept out of the purview of the GST.
- d. Excise duty, countervailing duty, CST, VAT, Entry tax, Entertainment tax, cess, purchase tax, etc are to be subsumed in GST.