



**ANNUAL REPORT
2012-13**

**COMMERCIAL TAXES DIVISION
FINANCE, REVENUE & EXPENDITURE
DEPARTMENT
GOVERNMENT OF SIKKIM**

PREFACE

Commercial Taxes Division , Finance , Revenue and Expenditure Department has once again achieved a milestone in its effort to garner state revenue through collection of taxes and cess in the financial year 2012-13. Therefore, as usual to showcase its achievement the annual report for the year is being brought out. The total revenue target set for the year 2012-13 was ₹ 241.00 crores against which the Commercial Taxes Division was able to achieve a collection of ₹ 289.75 crores. Thus the target was exceeded by ₹ 48.75 crores.

The revenue collection and other details against each type of taxes and cess is elaborated in the report.

It was with the earnest effort of all the officers and staff that the revenue target was exceeded by 20.23 %. With confidence I expect the Division to maintain the same tempo in the effort to boost state revenue.

Commissioner cum Secretary
FINANCE, REVENUE AND EXPENDITURE DEPARTMENT

I. ABOUT THE DIVISION

Commercial Taxes Division is one of the wings of the Finance, Revenue and Expenditure Department entrusted with the collection of state revenue from sale of commodities in the form of taxes and cess. The Commissioner cum Secretary is the administrative head of the Division. The Commissioner of Commercial Taxes Division functions as the head of office, hence, planning, and policy implementation, monitoring and day to day functioning of the division is carried out under his directions. The Special commissioner/Additional Commissioner are the senior level functionaries who assist the Commissioner in discharging his responsibilities. The administration of the division is divided into two zones viz., the North/East zone and South/west zone.. The North-East Zone has its office in Gangtok, and South-West in Jorethang, South Sikkim.

The officers at level of Joint Commissioner, Deputy Commissioner and Assistant Commissioners hold respective territorial and financial jurisdictions. The Commercial Taxes Inspectors and Assistant Inspectors assist assessing authorities in assessments and collection of taxes by conducting survey/inspections and verifications. The two main Check posts at Rangpo and Melli are under the control of Deputy Commissioner and Assistant Commissioner respectively. Ramam, Reshi and Suminkhor Check posts are under the superintendence of Assistant Inspectors. Commercial Tax Inspectors, Assistant Inspectors and Checkers are posted at these check posts.

II. 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)

III. OFFICES/SECTIONS UNDER THE DIVISION:

1. Commercial Taxes Division (Head Office)
Old SITCO Building, Deorali, Gangtok
2. Office of the Joint Commissioner/Deputy Commissioner of Commercial Taxes (south/West Section), Jorethang, South Sikkim.
3. Office of the Deputy Commissioner of Commercial Taxes, Rangpo Check Post.
4. Office of the Assistant Commissioner, Melli Check Post

5. Raman Check Post, West Sikkim
6. Reshi Check Post, East Sikkim
7. Office of the Assistant Commissioner, Geyzing, West Sikkim.

**IV. SANCTIONED STRENGTH AND MANPOWER IN POSITION IN
COMMERCIAL TAXES DIVISION DURING 2012-13:**

Sl. No.	Designation	Sanctioned Strength	Present Strength
1	Commissioner	1	0
2	Special Commissioner	1	1
3	Additional Commissioner	1	1
4	Joint Commissioner	4	1
5	Deputy Commissioner	6	4
6	Sr.Accounts Officer	-	1
6	Assistant Commissioner	10	8
7	Under Secretary/Adm	1	-
8	Accounts Officer	1	-
9	Assistant Director	1	1
10	Office Superintendent	1	1
11	Senior Accountant	1	2
12	Inspector	18	8
13	Stenographer	2	1
14	Accountant	5	8
15	Jr. Accountant	2	-
16	UDC.	1	2
17	LDC.	10	10
18	Accounts Clerk	4	3
19	Programmer	1	1
20	Computer Operator	4	2
21	Assistant Inspector	10	11
22	Checker	20	19
23	Driver	12	8
24	Peon	8	7
25	Private Secretary	-	1
26	Head Assistant	-	2
	Total	125	103

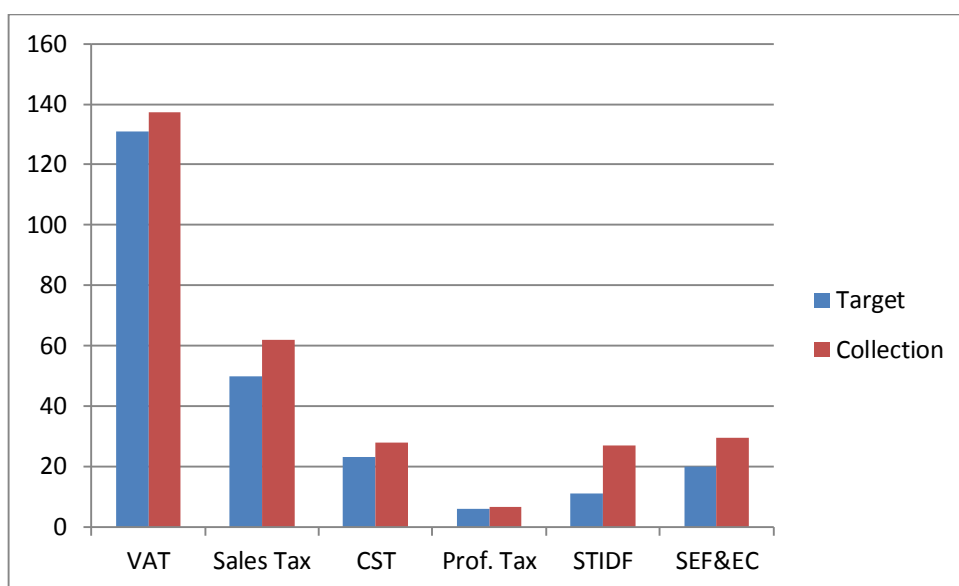
V. TARGET AND COLLECTION FOR THE YEAR 2012-13

(₹ in crores)

Sl.No.	Tax/Cess	Target	Collection	Increase(+) Decrease(-)	% Increase
1.	VAT	131.00	137.22	+6.22	4.75
2.	Sales Tax	50.00	62.02	+12.02	24.04
3.	CST	23.00	27.83	+4.83	21
4.	Prof. Tax	6.00	6.55	+0.55	9.17
5.	STIDF	11.00	26.79	+15.79	143.54
6.	SEF&EC	20.00	29.34	+9.34	46.7
TOTAL		241.00	289.75	+48.75	20.23

The table above shows that the total revenue target set for the year 2012-13 was ₹ 241.00 crores against which the Commercial Taxes Division was able to achieve a collection of ₹ 289.75 crores. Thus the target was exceeded by ₹ 48.75 crores.

The chart below shows the graphical representation of taxes and cess collected against the target set for the year 2012-13.(₹ in crores)



VI. DETAILS OF THE COLLECTION OF TAX/CESS

A. Value Added Tax (VAT) @ 1%,4% and 12.5% (₹ in crores)

Target: 131.00
Achievement: 137.22

SOURCE: All the vatiable 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.

PAST COLLECTIONS:

YEAR	TARGET	COLLECTION (₹ in crores)
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
2010-11	88	99.36
2011-12	70	71.73
2012-13	130.28	137.22

B. SALES TAX: @ 7.5%,15% and 20%

(₹ in crores)

Target: 50.00
Achievement: 62.02

SOURCE: Liquor & petroleum products:

PAST COLLECTIONS: (₹ in crores)

YEAR	TARGET	COLLECTION
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
2010-2011	42.34	34.86
2011-2012	20.7	25.58
2012-2013	45.72	62.02

C. **CENTRAL SALES TAX @2%**

(₹ in crores)

Target: 23.00
Achievement: 27.83

SOURCES: Exported items

PAST COLLECTIONS:
(₹ in crores)

YEAR	TARGET	COLLECTION
2005-06	3.00	7.30
2006-07	4.00	4.67
2007-08	4.00	5.99
2008-09	2.00	4.51
2009-10	2.00	7.66
2010-11	8.80	8.50
2011-12	8.3	10.00
2012-13	11.14	27.83

D. **SIKKIM TAX ON PROFESSIONS, TRADE, CALLING AND EMPLOYMENT** (as per slab rate maximum of ₹2,500/-per annum)

(₹ in crores)

Target: 6.00
Achievement: 6.55

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

PAST COLLECTIONS

(in ₹)

YEAR	TARGET	COLLECTION
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2006-07	1,00,00,000	18,69,416
2007-08	2,00,00,000	85,00,000
2008-09	1,50,00,000	1,54,57,000
2009-10	1,75,00,000	2,13,31,000
2010-11	2,00,00,000	4,28,43,000
2011-12	4,75,00,000	4,70,90,000
2012-13	5.62 crores	6.55 crores

E. SIKKIM TRANSPORT INFRASTRUCTURE DEVELOPMENT FUND

(₹ in crores)

Target: 11.00 crores

Achievement: 26.79 crores

SOURCES: Petroleum products like petrol and diesel @ Rs.3 and Rs.2.5 per liter respectively under the first Schedule (section 4) of the STIDF Act, 2004.

PAST COLLECTIONS:

(₹ in crores)

YEAR	TARGET	COLLECTION
2005-06	3.00	00.58
2006-07	7.50	6.69
2007-08	7.50	8.50
2008-09	9.00	8.55
2009-10	8.55	9.06
2010-11	9.00	13.39
2011-12	8.09	10.08
2012-13	11.00	26.79

F. SIKKIM ECOLOGY FUND ENVIRONMENT CESS @0.5%,1% and 1.5%

(₹ in crores)

Target: 20.00

Achievement: 29.34

SOURCES: Dealers, manufacturers, state and Central Government Departments, PSUs, Autonomous bodies or other organizations whoever brings non-biodegradable items specified in Schedule II of

the act in the state from outside/ Hotels, resorts, lodges, or motels on its annual turnover under section 5 of the Act.

PAST COLLECTIONS:

YEAR	TARGET	(₹ in crores)
		COLLECTION
2007-08	1.5	3.22
2008-09	4.20	7.97
2009-10	5.00	11.18
2010-11	6.5	15.72
2011-12	18.03	18.62
2012-13	20.00	29.34

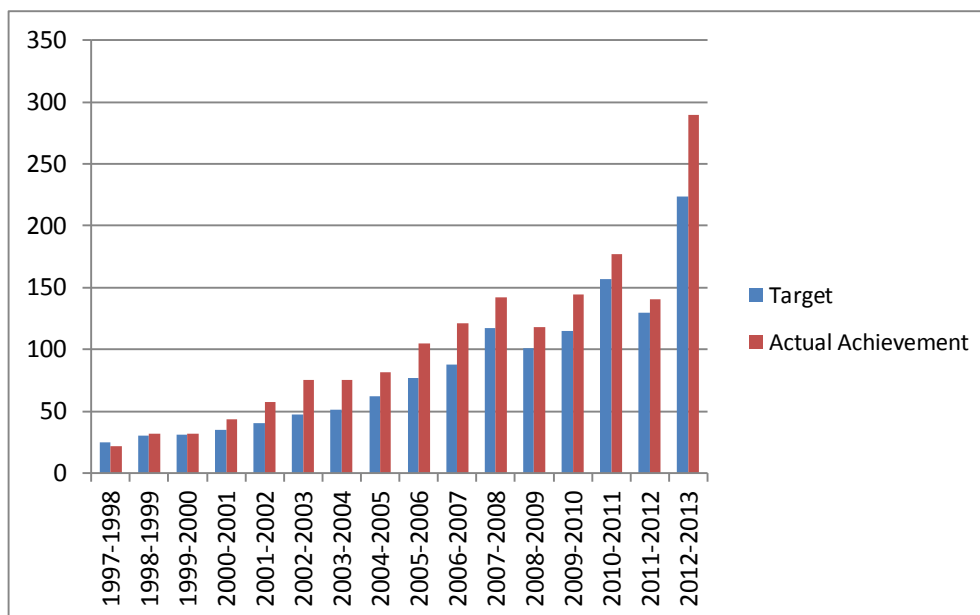
COLLECTION OF REVENUE FOR THE LAST SIXTEEN YEARS

Year	Target	Actual Achievement	(₹ in crores)
			Decrease(-) Increase(+)
1997-1998	24.86	21.77	-3.09
1998-1999	30.50	31.38	0.88
1999-2000	31.00	31.48	0.48
2000-2001	34.50	43.78	9.28
2001-2002	40.50	57.03	16.53
2002-2003	47.50	74.98	27.48
2003-2004	51.00	75.63	24.63
2004-2005	62.00	81.82	19.82
2005-2006	77.00	104.46	27.46
2006-2007	88.00	121.34	33.34
2007-2008	117.00	142.12	25.12
2008-2009	101.07	117.69	16.62
2009-2010	114.78	144.20	29.42
2010-2011	156.75	176.78	20.03

2011-2012	129.87	140.74	10.87
2012-2013	241.00	289.75	65.99

Chart Showing Comparative Achievement
(1997-98 to 2012-13)

(₹ in crores)



G. REPORTS FROM VARIOUS SECTIONS:

i. ADMINISTRATIVE SECTION:

The administration section is headed by the Additional Commissioner who is assisted by the Joint Commissioner, Deputy Commissioner, Assistant Commissioner, Office Superintendent and other subordinate staff.

Training:

1. Advance Training in GST Policy and Administration was conducted by the Foundation for Public Economics & Policy Research, New Delhi from 30th April 2012 to 04th May, 2012. The following officers attended the training:
 - i. Ms. Kamala Rai, Assistant Commissioner
 - ii. Shri Sailesh Rai, Assistant Commissioner
2. Workshop on e-payment organized by the Reserve bank of India on 23rd and 24th March, 2012. The following officers attended the programme.
 - i. Shri K.T.Lepcha, Joint Commissioner
 - ii. Shri Bikash Diyali, Assistant Director
3. Training cum study tour at Gujarat for the officials of Information Technology cadre officers which was attended by Shri Samrat Pradhan, Asstt. Director w.e.f. 28th January to 1st February, 2013.

TRANSFER, POSTING AND PROMOTIONS :

- i. Smt. Basanti Rai, Director, State Lotteries was transferred as Additional Commissioner on deputation.
- ii. Shri K.T.Lepcha, Joint Commissioner was transferred to Ecclesiastical Department as Joint Secretary.
- iii. Shri P.D.Rai, SDM/Rongli was transferred as Deputy Commissioner on deputation
- iv. Ms. Kamala Rai, Asstt. Commissioner was transferred to Department of personnel as Under Secretary.
- v. Smt. Sarada Gurung, Asstt. Commissioner was transferred to East District Collectorate as Under Secretary.
- vi. Shri Samrat Pradhan, Programmer was promoted as Asstt. Director under the Information Technology cadre.
- vii. Inter departmental transfers of the officials of State Revenue cadre was made vide office order no.459/G/DOP dated 23.5.2012
- viii. Regular reshuffling of Check Post Staff as per notification no.116/IT&CT dt.24.02.2001 was made involving seven Assistant Inspectors and sixteen checkers.

AMENDMENT OF ACTS AND RULES:

- i. The Sikkim Ecology Fund and Environment Cess (Amendment)Rules,2012 by insertion of Rule 25 enabling filing of registration and others by electronic communication media.
- ii. The Sikkim Sales Tax (Amendment) Rules,2012 by insertion of Rule 34 enabling filing of registration and others by electronic communication media.
- iii. The Sikkim Value added Tax(Amendment)Rules,2012 by insertion of Rule 108 enabling filing of registration and others by electronic communication media.
- iv. The Sikkim Value added Tax(Amendment)Act,2012 for enhancement of the rate of tax to 20% on tobacco and all its products including cigarettes and chewing tobacco, other than bidis and raw tobacco leaves *w.e.f.1st day of June,2012.*
- v. The Sikkim Value added Tax(Amendment)Act,2013 for enhancement of the rate of tax to 20% on tobacco and all its products including cigarettes and chewing tobacco, other than bidis and raw tobacco leaves from such date *as the state government may by notification in the official Gazette appoint.*

ii. ACCOUNTS SECTION:

The Accounts Section is headed by the Sr.Accounts Officer/Accounts Officer who is assisted by the Sr.Accountant, Accountant and other subordinate staff

The Head wise budget provision and expenditure are as follows:

(in ₹)

STATEMENT OF BUDGET EXPENDITURE FOR THE YEAR 2012-13

Budget Head	Budget Provision	Expenditure
2020-01 Sal (NP)	5384000	5063655
2020-11 TE	120000	24200
2020-13 OE	750000	206262
2020-50 OC	6048000	5438224
Total	12302000	10732341

Jorethang Division

Budget Head	Budget Provision	Expenditure
2020.105.00.66.01 Sal	3560000	3553972
2020.105.00.66.11 TE	55000	55000
2020.105.00.66.13 OE	230000	529998
Total	3845000	4138970
Budget Head	Budget Provision	Expenditure
2040-01 Sal	28272000	25959031
2020-13 TE	400000	201692
2020-13 OE	3600000	2536067
2020-14 RRT	400000	275218
2020-50 OC	5200000	2330534
Total	37872000	31302542

JORETHANG DIVISION

Budget Head	Budget Provision	Expenditure
2040.00.101.00.66.01 Sal	5769000	5297971
2040.00.101.00.66.11 TE	200000	280000
2040.00.101.00.66.13 OE	810000	1360000
2040.00.101.00.66.14 RRT	530000	445317
Total	7309000	7383288

REVENUE BUDGET ESTIMATE (₹ in lakhs)

Budget Head	Original	Revised	Collection
0021 I.Tax	0.50	0.50	16.71
0028 P.Tax	562.00	600.00	655.70
0040-101 CST	1114.00	2300.00	2783.06
0040-102 SST	4572.00	5000.00	6202.62
0040-110 VAT	13028.00	13100.00	13722.43
0045-112.01 STID	1100.00	1100.00	2679.71
0045-112.01 E.CESS	2000.00	2000.00	2934.78
Total	22376.50	24100.50	28995.01

iii. COMPUTER SECTION:

The technical head of the Computer Section is the Assistant Director of Information Technology cadre who is assisted by the Programmer, Assistant Programmer and other subordinate staff.

Cheque Processing Software:

During the Financial Year 2012-2013 the total Revenue collected was ₹1,48,17,29,119/- (Rupees One Hundred Forty Eight Crore Seventeen Lakhs twenty nine thousand one hundred and nineteen only) through various Branches of Axis Bank, SISCO Bank and SBS through cheque deposits. The Break up Head Wise can be seen below

Levy Type	Head	Amount
CST	0040.101	222812642.00
ENV Cess	0045.112.02	136852940.00
LOCAL SALES TAX	0040.102	291781677.00
PROFESSIONAL TAX	0028.107	18027320.00
STID CESS	0045.112.01	166068016.00
VAT	0040.110	646186524.00
Total:		1481729119

Mission Mode Project

Recap of Computerization of Commercial Taxes Division under Mission Mode Project for period 2010-11 and 2011-12.

Commercial Taxes Division initiated the computerization process on 1st April 2005 under NeVAT project. The project was an intranet based system and services given were G2C .On 28th of November 2010 Ministry had approved proposal from Commercial Taxes Division under Mission Mode Project in which the funding condition 90:10 was to be agreed by the State. After cabinet approval the project implementation started from 13th April 2011 after completing proper NIT process. Since there were some e-Governance solution to be still needed a revised proposal to Ministry of Information Technology was yet again put up for on 2012 after approval of State Government to meet up with the same funding pattern .Ministry approved for the revised proposal to extend few more solutions like network redundancy, BI tool and video conferencing and strengthen CTD with hardware like tablet at check post and survey team and construction for infrastructure etc.

Now the main objective for applying for MMP under NeGP was to enable flow of information between the Government to Citizens (G2C), Government to Businesses (G2B) and Government to Government (G2G).As the administration of commercial taxes like VAT, CST etc. involves handling of a large number of dealers, who act on behalf of the State Departments to collect tax from consumers and deposit it in the State treasury, the Commercial Taxes Department registers these dealers and issues registration certificates. The department fixes the periodicity of the returns to be filed by the dealers. The department adds to the revenue of the State by collecting tax through challans and Net Payments. The Department is responsible for assessments, Tax Refunds, Form Issuance (eg. C form), Tax accounting, Recovery and Appeals. Computerizing all the functionalities of the Department for all types of services e.g. online filing of return, online creation of

waybills, online payment etc. which expedites the process and makes the process easier for the Citizens, Dealers and Stake holders(Government).Implementation of the project will make the process of record- keeping, reconciliation, researching and analysis of data easier. It will also facilitate the Dealers to enjoy the benefit of filing online return, online tax payment, online waybill creation from home (where previously they had to come to office). Consequently, the office work load will decrease and time saved can be concentrated on other useful activities like survey, assessment and data analysis which will lead to better collection of taxes.

The Project was implemented on 2011 with the creation of a Project e-Mission Team and a User Acceptance Team .Both Hardware installation and Software development was done simultaneously .For connectivity, RF towers were installed after survey of feasibility of LOS and further in a revised proposal lease line for head office and a broadband dongle will be provide at the circle and check post office.

The website 'www.sikkimtax.gov.in' and application which was named SeVA (Sikkim electronic Vanijiyakar Administration) was hosted at State Data Centre on 6th of January 2012 wherein the Registration, Waybill, Waybill Endorsement were functional.

Activities on mission mode project during 2012-113

Formal Launching of SeVA (Sikkim electronic Vanijiyakar Administration)

SeVA (Sikkim electronic Vanijiyakar Administration) was formally launched by the Hon'ble Minister of Information Technology Department, Shri N.K.Pradhan at Chintan Bhawan on 19th June,2012

Training of dealers held Business Nature Wise

Launch of SeVA was followed by series of training sessions and brainstorming sessions with the dealers. On 5th of July ,open discussion with the wholesalers and dealers were held at A.A.T.I.This process was to get valuable solutions from the first hand users to develop ITC module.

Further ,training session for all manufacturer followed by Motor Vehicle Dealers and all dealers were held at chintan bhawan one by one. Training was held regarding online payments,filing e-return,ITC,waybill endorsement etc.

After the launch of The Various online application during 2011-12 many new applications were introduced in this SeVA Systems were:-

- 1) Issuance of online F-Forms.
- 2) E-Online Payments.
- 3) Manage Request Module (For managing file request regarding CST Form and Post Endorsement Changes).
- 4) E-Return for all Business Natures.
- 5) E-Grievances.

6) ITC application.

7) MIS Reports for all applications(C-Forms,Waybill,Registrations, Endorsement, Payments)

There are few more modules to be launched in near future for the system to be complete as per DPR, which are:

1. E-Audit and Assessment
2. E-Check post Detained Goods.
3. E-Annual Returns.
4. More MIS as per requirement.
5. Tablet Endorsement Application.
6. Handheld Device application for Check Post.
7. E-Reconciliation.
8. E-Cement Waybill online Waybill payment module.

It's been more than one year after the transition period where we can notice that public dealing with the department has reduced and gradually the office work load is being distributed to the Dealers which in turn provide ample time for the authorities to concentrate on other productive activities.