

# Tax E-Chronicle

Commercial Taxes Department  
Government of Rajasthan

Monthly News Letter on Tax and Revenue

## From the Desk...



Compliances of Act and Rules meant for Tax Administration is a basic responsibility of every citizen who is involved in the business activities in the State. Whether paying tax or not, the periodical reporting as per provisions of the Act/ Rules is essential for good track record of a dealer. The submission of periodical reports, i.e. Returns, Audit Reports, Statement of account of Statutory Forms etc., in time leads to

provide special attention to the dealer.

A good tax payer has expectation that he may be recognised for his timely compliance of the provisions. Department has devised a mechanism to recognise such dealers vide issuing Privileged Cards. A dealer who has good track record and fulfils certain conditions shall be eligible to obtain a "Privilege Card" from the concerned Deputy Commissioner (Adm).

The Privilege Card holder will be taken in to a special category and various facilities would be provided by the Department to such dealer. Among the Privilege Card holders, one dealer from each Zone having highest growth rate and highest annual tax liability in a financial year, shall be facilitated by the Department at the State level. I hope that more and more dealers will come in to the ambit of the Scheme.

Establishment of Citizen Service Centres (CSCs) is an initiative of Government of India under National e-Governance Programme (NeGP), which is being done through Department of information Technology & Communication in the State. These centres are working in the name of e-Mitra in the State. Now it is being explored that the services related tax administration may also be provided through these CSCs. As soon as these services would be added to e-Mitra kiosks the dealer/ representative of dealer would need not to visit CTD offices for various services.

The above steps/ initiatives are for the facilitation of the stakeholders of the Department and it is a responsibility of the stakeholders to use these facilities at large. I request to the stakeholders of the department for good or bad response on the initiatives. This response would enable us to fine tune the services being provided and to improve the quality of service. I hope that these initiatives would increase transparency in the day to day working of the Department.

(B.N.Sharma)

## Highlights

- ☞ Union Bank of India has been added in the list of banks available for e-Payment. The dealers having account in Union Bank of india can also pay tax through web portal of the Department
- ☞ Now 5 Banks are available for e-Payment-
  - ☞ State Bank of India,
  - ☞ State Bank of Bikaner and Jaipur,
  - ☞ Bank of Baroda
  - ☞ IDBI Bank.
  - ☞ Union Bank of India
- ☞ Department is on the way of providing Central Return Counter at Zonal Kar Bhawan, Jhalan Doongari, Jaipur.
- ☞ Total e-Payment collection up to 30th November has crossed Rs. 5000 Cr border.
- ☞ The year-wise statistics of e-Payment is as under-

Year/ Period	Amount in Crore
30-01-08 to 31-03-	17.81 Cr
2008-09	2444.36
2009-10	2856.73
Total	5318.90

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Continue from last issue....

While referring the issue to the Larger Bench, the D.B. Of Rajasthan High Court held that :-

- (1) It is required to be noted that the writ petition bearing D.B. Civil Writ Petition No. 21/2002 filed by one Dinesh Pouches Ltd. (supra) was heard by the Division Bench consisting of Hon'ble N.N. Mathur and Hon'ble Harbans Lal JJ. And by its order dated. 12-02-2002, the Division Bench dismissed the said writ petition filed by Dinesh Pouches Ltd. By relying upon the decision of another Division Bench in the case of M/s Godfrey Philips India Ltd. And another Vs. State of Rajasthan and anr. Reported in 2000(7) Sales Tax Today 50,
- (2) For deciding the limited controversy as to whether the impugned levy was compensatory in nature, the matter was again placed before the Division Bench. On the basis of said Order, the Division Bench of this Court in the case of very petitioner i.e. Dinesh Pouches Ltd. (supra) whose writ petition was already dismissed by the earlier Division Bench of this Court and that order has not yet been finally set aside by the Hon'ble Supreme Court, decided the said matter a fresh and by its judgment dated 21-08-2007, the Division Bench Passed the order,
- (3) When one Division Bench had already taken the decision upholding the vires in the case of very petitioner , prima facie no further relief could have been granted by another Division Bench as it is ultimately for the Hon'ble Supreme Court to allow the appeal or to pass any other consequential order. So far as this Court is concerned, the decision of earlier Division Bench in the Case of Dinesh Pouches Ltd. Has become final subject to the order of the Hon'ble Supreme Court and the only issue which was referred to the High Court was regarding nature of tax, whether it is compensatory or not,
- (4) If the subsequent Division Bench had merely decided the issue about the nature of tax whether it is compensatory tax or not, the matter would have been different as it is ultimately for the Hon'ble

Supreme Court to decide the said question finally, but since subsequent Division Bench has already decided the matter on merits and struck down the provisions of the said Act, in our view the matter requires reconsideration by the larger Bench in view of that the fact that earlier Division Bench has already upheld the validity of the Act and that judgment has not been upset by the Hon'ble Supreme Court, and

- (5) In our view when the earlier Division Bench has already taken a view that it is intra virus, we feel that even though the learned Advocate for the petitioner submitted that the matter may be decided independently, we would not like to decide the same as judicial propriety demands that we should refer the entire matter to the Larger Bench especially when the view taken by the earlier Division Bench has not been set aside by the Hon'ble Supreme Court or that no contrary decision has been brought to our notice by which it can be said that the provisions of said Act have been declared ultra vires by the Hon'ble Supreme Court and the judgment of earlier Division Bench has been impliedly over-ruled.

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## Notifications

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### Data Nest...

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1	oV	9100-00	8904-50	10030-00	6365-02	63-46
2	iDsk dj	190-00	189-90	225-00	122-30	54-36
3	eukj tu dj , oafoykfl rk dj	60-00	64-53	70-00	29-30	41-86

### SMS/ IVRS based declaration system

#### Process

- ? Dealers need to provide their Landline (for IVRS)/ Mobile Numbers (for SMS) for using the IVRS/SMS for the declaration through web portal
- ? If dealer is existing e-Services user then he have to update the contact details using the "Update Contact Details for SMS/IVRS Services" facility.
- ? If dealer is new user then he/she have to provide phone numbers at the time of sign up for e-services

Type an SMS as follows: <VAT47/VAT49> <Form No.> <Invoice No.> <Invoice Date> <Invoice Value> <Vehicle No.>	Dial <b>2227255</b> for declaration.
Send SMS to : <b>94133-30114 or 94133-30115.</b>	Provide information of VAT Form Type, VAT Form Number, Invoice Number, Invoice Date, Invoice Value, Vehicle Number – Last 4 Digits as asked in the menu by the pre recorded voice.
Get a unique acknowledgment number (UID)	Get a unique acknowledgment number (UID)
Write on the invoice goods under movement.	Write on the invoice goods under movement.
Show this UID at the time of checking on road	Show this UID at the time of checking on road
Submit the original form VAT -47 / VAT-49 to the office along with the UID in both the cases	

**Question 3 :** How can the burden of tax, in general, fall under GST in comparison with VAT ?

**Answer :** As already mentioned in Answer to Question 1, the present forms of CENVAT and State VAT have remained incomplete in removing fully the cascading burden of taxes already paid at earlier stages. Besides, there are several other taxes, which both the Central Government and the State Government levy on production, manufacture and distributive trade, where no set-off is available in the form of input tax credit. These taxes add to the cost of goods and services through "tax on tax" which the final consumer has to bear. Since, with the introduction of GST, all the cascading effects of CENVAT and service tax would be removed with a continuous chain of set-off from the producer's point to the retailer's point, other major Central and State taxes would be subsumed in GST and CST phased out, the final net burden of tax on the cost-price of goods, under GST would, in general, fall in comparison with the present regime of CENVAT and State VAT.

**Question 4 :** How will GST benefit industry, trade and agriculture ?

**Answer :** As mentioned in Answer to Question 3, the GST will give more relief to industry, trade and agriculture by reduction, in general, in the tax burden in comparison with CENVAT and State VAT, through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several Central and State taxes in the GST and phasing out of CST. The agricultural sector, may be additionally

benefited because of inclusion of several agricultural goods in the exemption list.

**Question 5 :** How will GST benefit the exporters?

**Answer :** The subsuming of major Central and State taxes in GST , complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

**Question 6 :** How will GST benefit the small entrepreneurs and small traders?

**Answer :** The present thresholds prescribed in different State VAT Acts below which VAT is not applicable varies from State to State. The existing threshold of goods under State VAT is Rs.5 lakhs for a majority of bigger states and a lower threshold for North Eastern States. The Empowered Committee has recommended a threshold of Rs. 10 lakh in GST for both goods and services for all the States and Union Territories subject to appropriate compensation for North Eastern States and Special Category States where thresholds have been lower under the VAT regime. This raising of threshold will protect the interest of small traders. It is being discussed whether the threshold for Central GST for goods may be kept appropriately high to protect the interest of small traders and small scale industries. A Composition scheme for small traders and businesses is also being envisaged under GST. Both these features of GST will adequately protect the interests of small traders and small scale industries.

### Profile of leading Tax Payer

Mahindra & Mahindra

Mahindra & Mahindra is a dealer registered in the Special Circle, Rajasthan. It deals in Automotive vehicles. The last five years revenue figures are as follows:-

S.No.	Year	Revenue (Rs. in Crore)
1	2004-05	52.36
2	2005-06	58.95
3	2006-07	66.78
4	2007-08	78.39
5	2008-09	92.76

Presently, M&M is making payment of tax electronically and rarely defaults in payment of tax.

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