



2013-14

I.T. Roadmap for Commercial Tax Department, Odisha



COMMERCIAL TAX DEPARTMENT, ODISHA

2013-14

INTRODUCTION:

The Commercial Tax Department is the highest revenue earning department of the state of Odisha and functions under the overall administration of the Finance Department of Government of Odisha. The organization is responsible for enforcement and administration of the taxation statutes such as Orissa Value Added Tax Act, Central Sales Tax Act, Orissa Entry Tax act, Orissa State Tax on Professions and Orissa Entertainment Tax Act.

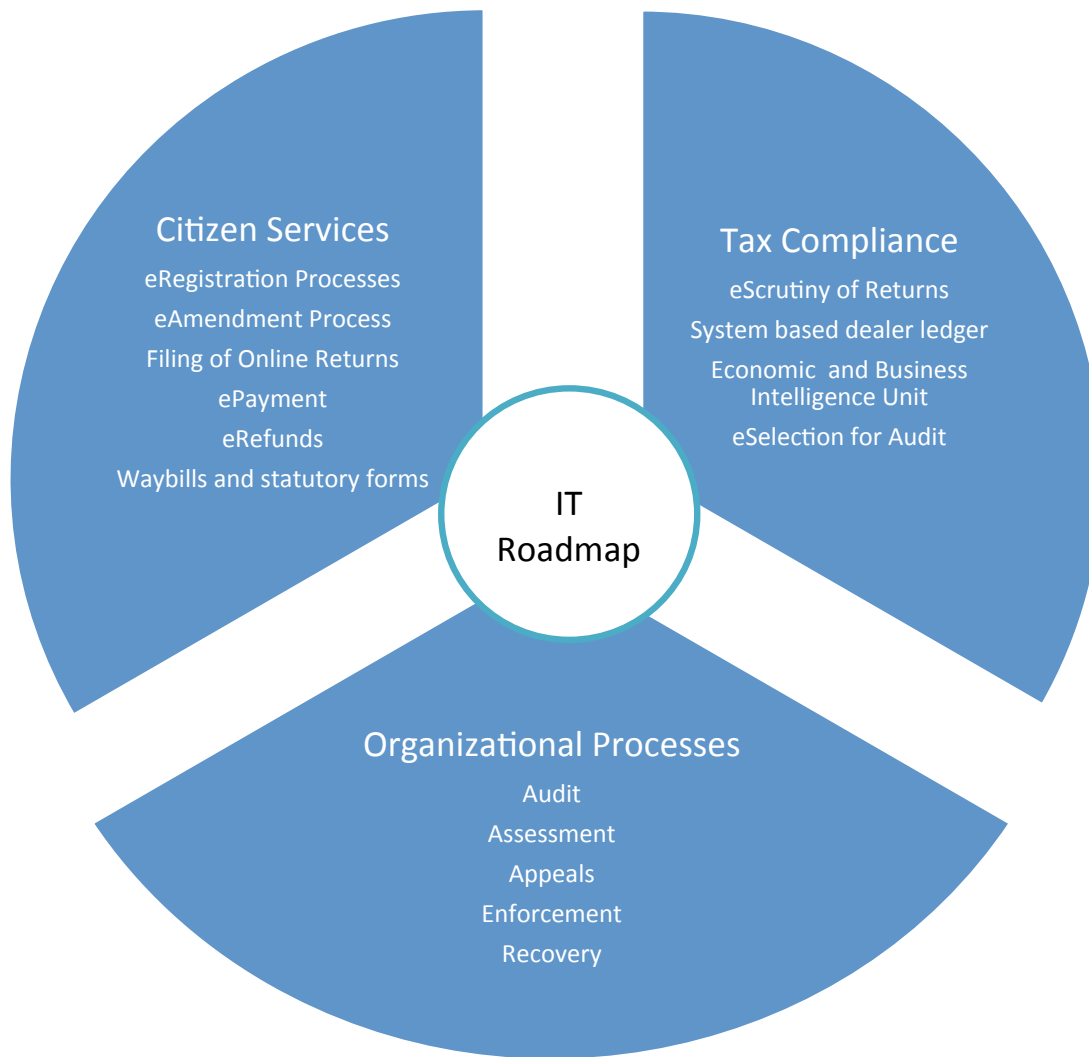
The process of computerization of the Commercial Tax Organization was initiated in 2004. The software VATIS was developed to capture the data relating to various business processes of the Organization and to monitor the collection of revenue, risk assessment and audit. In the past nine years there have been significant changes in the tax laws as well as the capability of the IT systems. The department has undertaken major up gradation of the VATIS system changing the existing modules as well as undertaking new modules to improve the system

In the near future the Department will have to realign its work processes with IT at it's core. The major changes will be along the following lines:

- a) Reducing compliance costs for the dealers and provision of hassle free services online.
- b) Data mining and data analysis for curbing tax evasion and risk management.
- c) Change from discretionary enforcement practices to non intrusive and system based practices
- d) Departmental with Tax administration processes like audit, assessment, appeal, recovery etc to be tracked online for generation of MIS, MPR's and Registers as well as ensuring effective monitoring .

IT ROADMAP:

IT roadmap for Odisha Commercial Tax Department (OCTD) is structured on the following three pillars:.



Citizen Services

The present system has been revamped to provide various citizen centric services by the department. The system is in a continuous enhancement mode so as to attain a very high quality of service delivery. The aim of the department is to reduce the compliance costs and provide a transparent system for the dealer for carrying out

various transactions within the organization. The implementation of these services will result in Citizen Services at OCTD becoming at par with the states following the best practices in the country. The various citizen centric services which have been implemented and the service level provided through them are listed below:

Citizen Services	Current Services	Future Roadmap
eRegistration	<ul style="list-style-type: none"> • Applicant turnaround time reduced by 80% • Dealer has to visit the office only once. • 100% new registrations are through online portal • Online data management • Better quality of registration data. 	<ul style="list-style-type: none"> • Regular monitoring • Analysis of registration data • Monitoring of new registrants to highlight risky behavior • Integration with NSDL , ROC , Adhaar etc
E Amendment	<ul style="list-style-type: none"> • 80% of the fields can be automatically amended and updated in the system at the request of dealer through online portal. After the dealer updates the data, changes are immediately reflected in the Registration Certificate. • Changes made to two fields require dealer to visit the circle office. • Amendments are made within the time period specified 	<ul style="list-style-type: none"> • Regular monitoring for further improvement in the services • Analysis of amendment data • Monitoring of amendments to highlight risky behavior
Online Returns	<ul style="list-style-type: none"> • All TIN dealers are able to file returns online using internet without any extra cost. 	<ul style="list-style-type: none"> • Return form for TIN dealers to be simplified further • All SRIN dealers to file returns online from Sept 2014.
eWaybills	<ul style="list-style-type: none"> • All waybills are being issued through the system • All dealers who are filing return on time are able to generate waybill anytime and from anywhere using internet. • Vehicles able to show sms instead of paper waybills at the check gates to pass the vehicle • Dealers entering the state border other than from check gates are able 	<ul style="list-style-type: none"> • System based issuance of waybills to unregistered dealers

Citizen Services	Current Services	Future Roadmap
	to generate utilize and close the waybills on their own.	
e-Statutory Forms	<ul style="list-style-type: none"> Statutory Forms under CST Act : C,F,H,E1,E2 are provided online 	<ul style="list-style-type: none"> Issue of statutory forms as in the case of waybills to be made automatic E1, E2 and F forms to be made automatic from Aug 1, 2014, conditional of filing of returns under CST Act. C/H Forms to be made automatic from Oct 1, 2014.
E Payments	<ul style="list-style-type: none"> Dealer is able to make payment anytime and from anywhere by using electronic banking facility Around 90% of total collection is through ePayment. 	<ul style="list-style-type: none"> Introduction of ePayment option at the border check gates for ease of those dealers whose goods are entering from outside state. With offline payments mode 100% payment to be e-payments Online reconciliation of returns with payments.
eNDC	<ul style="list-style-type: none"> Dealer is able to apply for No deduction certificate online Certificate can be generated from system itself after approval process is completed. Intimation relating to certificate sent to all stakeholders. Online search option available on the OCTD portal Application is disposed within 15 days from the date of application 	<ul style="list-style-type: none"> Regular monitoring of the eNDC process for further improvement in the services
eVC	<ul style="list-style-type: none"> Dealer is able to apply for VAT clearance certificate online Certificate can be generated from system itself after approval process is completed. Intimation relating to certificate sent to all stakeholders. 	<ul style="list-style-type: none"> Regular monitoring of the eVC process for further improvement in the services Linking up with arrears database and current demand database so that

Citizen Services	Current Services	Future Roadmap
	<ul style="list-style-type: none"> • Online search option available on the OCTD portal • No need to submit any documents • Application is disposed within 7 days from the date of application 	<ul style="list-style-type: none"> • VC can be automatic.
eRefunds	<ul style="list-style-type: none"> • Refund application takes 2 months for processing, verification, issue of refund order and payment of refund to the dealer. • The payment process is currently manual. 	<ul style="list-style-type: none"> • E Payments to be introduced for refund payments by August 2013 which will reduce the turnaround time to 4 days after issue of refund order. • The refund audit and assessment process is being simplified to reduce the total turnaround time to 30 days.
eTDS	<ul style="list-style-type: none"> • Currently under the manual system , deducting authority is not issuing TDS certificates on time to the dealers and not submitting of consolidated tax deduction statement at the circle office. 	<ul style="list-style-type: none"> • Deducting authority to issue Form 605 to the dealer online. • Form 605A to be generated by the system • TDS amount deducted to be shown in the data base of the concerned dealer while filing returns • TDS registers to be generated on line • A consolidated TDS statement for all dealers of the deducting authority will be generated from the information provided.
e-grievances	<ul style="list-style-type: none"> • E-grievances are being attended to 	<ul style="list-style-type: none"> • Documenting the grievances to understand problems to improve the system • Categorization of subject wise area wise grievances

Tax Compliance Using IT system

The introduction of self-assessment in VAT underscored the need for a strong compliance verification mechanism leading to a robust risk assessment program. Historically, the compliance monitoring system has been manual in nature and required visits to the taxpayer’s business premises for physical audits. However, with increasing availability of registration and returns data online, it is possible to replace the manual compliance monitoring system with an online system, which is not only efficient but also effective. Modern online scrutiny and monitoring systems are useful not only for regular checks related to correctness, completeness and timeliness of data; they can also be used for advanced analysis of data for accurate assessment of tax liability of the taxpayer, thereby reducing the requirement for field visits to the taxpayer’s business premises significantly.

The various compliance measures which department has undertaken along with the future roadmap are provided below:

e-Compliance	Existing Functionality	Future Roadmap
e-Scrutiny of returns	<ul style="list-style-type: none"> • With the implementation of eScrutiny the compliance level for scrutiny of returns will increase by high level • System based scrutiny of returns have been implemented. The process for scrutiny of VAT returns and analysis in the ONLINE SCRUTINY MODULE has three levels which include: <ul style="list-style-type: none"> ▶ Verification of arithmetical inconsistencies covering all the returns ▶ Preliminary scrutiny covering all the returns and ▶ Detailed scrutiny covering selective returns chosen on the basis of risk parameters drawn from the information furnished by taxpayers in the return forms • For the purpose of scrutiny, risk parameters have been defined and interlinking of 	<ul style="list-style-type: none"> • Strengthened risk parameters • Ratios and trends to be built up into the module to make a robust engine for scrutiny. • Dashboard for the users to be made more user friendly • Information on statutory forms to be added • Information on history of the dealer to be entered • System to be monitored and enhanced to make it more user friendly

e-Compliance	Existing Functionality	Future Roadmap
	<p>forms has been done to check discrepancies.</p> <ul style="list-style-type: none"> The officer will be provided with relevant reports relating to dealer ledger, waybills, watch register, registration details, ITC mismatch etc. to assist in scrutiny of returns 	
e-Selection for Audit	<ul style="list-style-type: none"> Risk parameters have been built into the system for selecting dealers for Audit 	<ul style="list-style-type: none"> Risk parameters to be monitored and analyzed to improve the selection criteria.
Dealer ledger	<p>OCTD generates few reports where linking between various services is done for a dealer, however, it is desired to arrange data in such way that a summarized view of dealer performance is made available to all the stakeholders including the dealer.</p> <p>A dealer ledger is being created with following details:</p> <ul style="list-style-type: none"> Tax credit available to the dealer as per tax deposited by other dealers Tax liability of the dealer based on ITC claimed by other dealers Amount payable by dealer to the department due to imposed demands, penalties, etc Amount payable to the dealer by the department due to refunds, etc. Interim Dealer Ledger: Part A-Details corresponding to Purchases have been implemented 	<ul style="list-style-type: none"> The dealer ledger is to be implemented in two parts – first part will be interim dealer ledger which will be quickly built by the end of July 2013. The second part will be the final dealer ledger which will be created within the next 4 months. Interim Dealer Ledger: Part B: Details Corresponding to Sales to be implemented by July 2013 Interim Dealer Ledger: Part C: Details corresponding to challan payments to be implemented by July 2013 Final Dealer Ledger with Ledger for dealers with Matching, updates, etc.
Economic and	An Economic and Business	Functions of the EIU

e-Compliance	Existing Functionality	Future Roadmap
<p>Business Intelligence Unit</p>	<p>Intelligence Unit has been set up for data analysis.</p> <ul style="list-style-type: none"> • Reports which have been created by EIU are NIL filers and Non filers information report. • Dealers showing decrease in taxes. 	<ul style="list-style-type: none"> • To carry out Risk Analysis based on data received from internal and external sources. • Based on risk analysis to recommend cases for <ol style="list-style-type: none"> i.Tax Audit ii.Issue based Audit iii.Investigation through enforcement/ vigilance • To carry out star rating of all dealers • To carry out rationalization of tax rates and commodity analysis • Validate the parameters of return scrutiny on a continuous basis. <p>Sources of Data It will use the following sources of data.</p> <p>Internal sources:</p> <ol style="list-style-type: none"> i. E-Registration ii.E>Returns iii. E-Annexure with details of Sale/Purchase iv.Statutory forms like Waybills,TP,C,F,H,E-1,E-2 Forms. v. E-payments vi. E-refund Application of Claims vii.Chartered Accountant certificate viii.TDS <p>External sources <i>Active sources</i></p> <ol style="list-style-type: none"> i.Mining Department ii.TINXSYS iii.Border Check Post iv.REIC

e-Compliance	Existing Functionality	Future Roadmap
		<p><i>Planned sources</i></p> <ul style="list-style-type: none"> i. Service tax ii. Income tax iii. Central Excise iv. Stamp Duty v. Transport Department vi. MCA vii. Export data from DGFT <p>Functional Set up of EIU</p> <p>The functional set up of EIU will consist of the following units:</p> <ol style="list-style-type: none"> 1. Registration Data Analysis & Dealer Profiling (Star Rating) Unit. 2. Return Analysis Unit 3. Interstate Data Analysis Unit 4. 360 Degree Analysis Unit 5. Commodity Analysis Unit & Tax Rationalization unit 6. Data Management and feedback Analysis Unit & Business Intelligence and Data Warehouse 7. Cyber Forensics Unit <p>The EIU will be operational within the financial year 2013-14. BI/DW tool to be procured in 2014-15.</p>

Organizational Processes

The current functionalities built into the VATIS systems for some of the organizational processes have to be revamped to make them workflow based, where data flows from one module to another and status for each of the modules can be readily available. The current system when it was conceptualized was used massively as a document repository. There has to be changes made to the system so as to enhance the organizational process and increase the efficiency as well as ease of use for the user. This process is scheduled to be completed in Financial Year 2013-14. The major organizational processes and their existing functionalities and future activities are listed below:

Organizational Processes	Current Functionality	Future Roadmap
Audit	<ul style="list-style-type: none"> • Allocation of Audit to the Audit teams is being done through VATIS system • Upload of AVR reports in the VATIS system • Audit notice sent through system (via email) to the dealer 	<ul style="list-style-type: none"> • The workflow based system to be created where right from selection of dealer for audit to issue of demand notice post assessment will be done through system • Pre Audit report to be created which will be used by the Audit team to get an insight of the dealer before performing an Audit
Assessment	<ul style="list-style-type: none"> • Generation of notices for audit assessment, assessment order and demand notice can be done through existing system 	<ul style="list-style-type: none"> • The workflow based system to be created where right from submission of AVR or report from the Intelligence or Vigilance wing to issue notice and trial order and demand post assessment will be done through system.
Enforcement and Intelligence	<ul style="list-style-type: none"> • The existing system has various functionalities but the process needs to be reengineered to make it user friendly. Currently, the system is not being utilized for Enforcement function 	<ul style="list-style-type: none"> • Before visiting the dealer, intimation has to be provided to CCT and Spl. CCT through VATIS system • The preliminary report will be uploaded by the concerned officers into the enforcement module immediately and subsequently final report will be uploaded into the system • MIS reports to be generated through system on

Organizational Processes	Current Functionality	Future Roadmap
		enforcement cases will be linked to assessment module will incorporate a information repository where information provided in monthly confidential reports will be categorized and stored.
Appeals	<ul style="list-style-type: none"> The current Appeal module is for storing data relating to Appeals cases 	<ul style="list-style-type: none"> The Appeal module in the current VATIS system will have transactional points captured into the system, which will act as input for recovery module. The workflow from Audit and Assessment to Appeals will be created. Appeals pending at the level of Tribunal and courts to be captured.
Recovery	<ul style="list-style-type: none"> The current Recovery module is for storing data relating to default cases 	<ul style="list-style-type: none"> Workflow based system to be created to assist recovery officials in analyzing cases for recovery and also follow up.
Generation of MPRs and Registers relating to the above processes	<ul style="list-style-type: none"> These are being sent manually 	<ul style="list-style-type: none"> All MPRs related to audit, assessment, appeal, recovery to be generated through VATIS. DCR and other registers to be generated online.

The present VATIS system was initiated in 2004, therefore it has certain limitation in terms of changes which can be made. After all the above changes are incorporated, and all the modules are stabilized within FY 2014-15, there may be a requirement to go in for state of art technology both in terms of software and hardware which will serve the future needs of the Department.

The above IT processes will also require a reorientation in working procedures at all levels and the CTD will implement a training programme for the same along with restructuring of the Department along functional lines and revised work allocations keeping in mind the above changes envisaged.
