NEWSLETTER
COMMERCIAL TAX DEPARTMENT
GOVERNMENT OF ODISHA

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"Taxes are what we pay for civilized society."
— Oliver Wendell Holmes, Jr., U.S. Supreme Court Justice
1.1 Commercial Tax Department moved its IT Infrastructure to State Data Centre:

State Data Centre (SDC) has been identified as one of the important element of the core infrastructure for supporting e-Governance initiatives of National e-Governance Plan (NeGP). The secure, State of the Art facilities of the SDC are compatible to the guidelines designed by NeGP. The services include space in a controlled environment, regulated power supply, dedicated and shared network connections, state-of-the-art security, fire detection and suppression, and many other valuable features. Additional value-added services are offered as part of the services including network and connectivity services, remote hand support services, storage services, Disaster Recovery Service etc.

1.2 Commercial Tax Department forms Tax Payer Services Unit

Tax Administrative Reform Commission (TARC) in its current report suggests for formation of a dedicated Tax Payer Services Unit with a customer focus. Commercial Tax Department now has formed a new Tax Payer Services unit. Regular stakeholder consultations, redressal of grievances, introduction of Tax Payers’ Charter are being adopted as the functions of the unit. Help Desks are opened in each circle office to help the dealers in providing help particularly in the process of registration. Registration process has been simplified. The features include no pre registration enquiry, flexitime for visit according to online timeslot, least documentation, no court fees, no security money, single visit.

1.3 Commercial Tax bags Award for G2 B Service Delivery in PSU Summit 2014

Odisha Commercial Tax Department bags award for citizen centric service delivery in G2B (Government to Business) category in PSU Summit 2014 conducted by Elets Technomedia Pvt Ltd at New Delhi on 22nd Aug 2014 for using SMS Service under mobile seva as an m- governance initiative. Mobile Seva is an innovative initiative aimed at mainstreaming mobile governance in the country. It provides an integrated whole-of-government platform for all Government departments and agencies in the country for delivery of public services to citizens and businesses over mobile devices using SMS, USSD, IVRS, CBS, LBS, and mobile applications installed on mobile phones. Commercial Tax Department, Odisha, now uses this platform to send transactional SMS to stake holders. At every event that affects the tax payer, one SMS is sent to the dealer. Also current changes in the tax laws are intimated to the dealers instantly.
1.4 Commercial Tax Department organizes regional training for dealers

A new dealer coming to the taxation system has much apprehension about the tax laws, people and itinerary. To make his new experience with the department comfortable; the Department conducts New Dealer Orientation Meeting every month. A tool kit containing simplified ways of formalities is provided to him. Hands on training is imparted for knowing the procedures of availing e services like e filing of returns, e-payment of tax, availing e forms.

1.5 New E- Services Introduced

- Online “No Deduction Certificate” (e-NDC)
- Online VAT Clearance Certificate (e-VC)
- Online Refund (e-Refund)
- Online Dealer Ledger
- Online Waybill for Unregistered Dealers (e-402A)
- Online Profession Tax module
- E Chartered Accountant Certificate
- Online Feedback
- Cloud Telephony

- Online Tax Deduction Returns (e-TDS)

New Services to be introduced

- New Payment Process based on PoS Devices and Cash Deposit Machine at Check Gates
- Integration with DGFT for e-BRC
- Mobile waybill
- SMS based Nil Return filing

1.6 Workshop on Tax Payer Services — One internal workshop among officials working in different Help Desks were conducted on 14th Nov 2014. The participants were enlightened about the importance of stakeholder relationship management and service delivery. We are moving in a direction where the dealers are now perceived as tax payers or customers. Building a healthy relationship with them can encourage voluntary compliance and reduce litigation. The participants were exposed to areas like behavioural competency, serviceable attitude so that they can deal with tax payers with proper spirit. Faculties from Xavier Institute of Management, Bhubaneswar and some eminent resource person conducted the workshop. The Commissioner of Commercial Taxes felicitated the Help Desk Team where spectacular work has been witnessed.

1.7 Commercial Tax Department now goes for cloud solution

Cloud computing is becoming popular for its easy deployment and low cost. The core IT infrastructure of the Department is run by specialized software. As a part of improving service delivery, a new feedback system of the Department is deployed in cloud environment. Again, the Department works under a cloud telephony redress system. The calls from stakeholder are recorded and answered. This is a responsible tool for making Department accountable to the queries. Even calls are recorded beyond office hours and are answered back.
2.1 Taxman Heal Thyself

Jun 18 2014 : The Times of India (Kolkata)

Nirmala Sitharaman says NDA government will work towards enhancing ease of doing business in India and be fair in tax practices. It makes sense as rising incidence of tax disputes over the last few years represents the most visible discouragement to doing business in India. The proximate solution to this problem is to reform tax policy. However, this in itself is likely to be inadequate. Over the last few years there has been a lot more debate on the structure of tax administration as it influences the manner in which policy will be implemented. A recent report on reforming tax administration by a group headed by Parthasarathi Shome shows that unless tax administration is reformed, a regime of fair tax practices is unlikely.

The Shome group’s assessment of India’s tax administration is similar to other studies on reforming administration. Indian administrative arms operate in silos, blissfully unaware of overarching aims of prevailing government policies. Two years ago even as income tax policy disrupted settled positions and spooked foreign investors with a retrospective amendment, other arms of government were trying to woo foreign investment.

Economic policy has become schizophrenic in its approach as the bureaucracy that actualises policy exists in islands. Economic reforms in India should simultaneously include reform of administration.

Some of Shome group’s suggestions are bound to meet with stiff resistance from within as administrative reforms imply existing cosy arrangements will be disrupted. Today, tax administration, in a weak economy, pursues unrealistic tax collection targets, with no accountability for the consequences of an aggressive pursuit. Simultaneously, an internal environment of distrust, where anonymous complaints are given equal status to direct evidence, leads to irrational demands on taxpayers as officers seek to insure themselves against future liability. Unless this system changes, it is difficult to get out of the current trend of high incidence disputes where tax departments have had a low success rate between 11% and 13%, in the Supreme Court.

Shome’s group wants the barriers between direct and indirect tax administrative structures to be eventually eliminated and the focus to be on the taxpayer. At least 10% of tax administration’s budget needs to be spent on customer service and each rule and tax exemption reviewed regularly, the group recommends. On the policy side, the group feels retrospective amendments should be avoided as a principle. The broad thrust of these recommendations makes sense and should be integral to finance minister Arun Jaitley’s reform programme.

2.2 Tax Administration Committee Report

Make taxpayers’ life easier : Shome panel

A government panel on tax reforms has recommended sweeping changes including pre-filled returns for individuals, a common return for I-T and wealth tax, and an overhaul of the administration to focus on customer satisfaction and reduce disputes.

The Tax Administration Reforms Commission (TARC), headed by Parthasarathi Shome, has said that the government needs to ensure that refunds are paid, with interest, within a stipulated timeframe. This, it said, would be possible if a separate allocation is made in the Budget, a long-standing demand in the wake of delays which has been ignored by the finance ministry.
Further, it said that the permanent account (PAN) number should be used by several other government agencies, including for provident funds, customs, excise and service tax. Multiple agencies currently issue several identity numbers, making it tough for the government to track transactions.

The focus is also on reducing disputes and litigation and is in line with the new government’s promise to provide a non-adversarial tax regime. To begin with, Shome reiterated the need to do away with retrospective taxation as a matter of principle.

Reiterating the need to cut down disputes, the Tax Administration Reforms Commission (TARC), headed by Parthasarathi Shome, has said, “The fundamental approach should be collaborative and solution-oriented. Both the boards must immediately launch a special drive for review and liquidation of cases currently clogging the system by setting up dedicated task forces,” the report said, adding that this process should be completed within a year.

TARC has also called for regular consultations with stakeholders on issues of tax disagreement and tax law changes and has recommended a permanent body for such a dialogue. The panel also said that the decision of the Ombudsman should be final and binding and called for a massive revamp of the administrative structure by merging the two wings - CBDT and CBEC - and scrapping the post of revenue secretary. The panel also recommended a common return for excise and service tax.

It has called for proper training of all tax officials as regards customer orientation. “Sufficient funds must also be allocated to conduct customer research including in particular on customer surveys,” the report added.

The panel has also stated in its report that the decision of the tax Ombudsman should be binding on tax officials. To bring independence and effectiveness to the office of the Ombudsman, non-government professionals should also be inducted to this post.

It went on to suggest that tax returns should include a brief mention on litigation that may ongoing to protect taxpayers from allegation of non-disclosure, suppression or attempts to evade income disclosure.

Customer or taxpayers are at focus of the report with the committee suggesting that 10% of the budget should be spent on taxpayer services. Similarly, at least 10 per cent of the budget for tax administration should be earmarked for ICT-based services.

There is also a suggestion that taxpayers rate their experience while filing the return.

TARC was set up in August 2013 to suggest improvements in tax administration and policy. In 2014, India was ranked 152 out of 185 countries on the ease of paying taxes in the World Bank’s “Doing Business” indicators. “This is a stark indication of the gap between where we are and where we ought to be,” said the report, running into 500 pages.

For large taxpayers, it has recommended that taxpayer service delivery be located under one umbrella and that the CBDT and CBEC should jointly function in this regard.
3. Taxation of Builders and Developers

Generally the activity of the builders and real estate developers are coming under broad definition of works contract, more specifically after the recent judicial pronouncement the builders and real estate developers are liable to pay VAT. Before discussing the statutory provisions of the OVAT Act, the modus operandi of their business transactions needs to be looked into in its proper perspective and the sequence is in the following manner:

- The builder company purchases land/ enters into agreement with land owner.
- Thereafter the dealer company invites application from prospective/ intended customers to book the flat/duplex in the proposed projects.
- Thereafter the builder company allots flats to different customers and enters into agreement for construction.
- Then the builder company starts construction.
- Money is received from customers in periodical installments according to progress of construction as per terms of the agreement.
- It is an undisputed fact that transfer of property in goods (whether as goods or in some other forms) involved in execution of works contract is coming within the definition of “sale” as provided u/s-2(45) of the OVAT Act.

Section-2(63) of the OVAT Act defines “WORKS CONTRACT” means a contract for the construction, building, manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair or commissioning of any property.

Thus for execution of works contract, the following three conditions must be fulfilled:

- There must be a works contract.
- The goods should have been involved in the execution of a works contract &
- The property in those goods must be transferred to a third party either as goods or in some other form.

In the matter of taxability of business activities of builders/Real estate developers, the land mark decision delivered by the two Judge Bench of the Hon’ble Supreme Court of India in the matter of K Raheja Development Corporation Vrs State of Karnataka (2005) 5 SCC 162 has been upheld by the Larger Bench of the Hon’ble Supreme Court of India. In the matter of Larsen & Toubro Limited & Anr. Vrs State of Karnataka & Anr., it was held in the Raheja case that any agreement entered into by the builder/ promoter before the completion of construction tantamount to works contract and hence liable for Value Added Tax/ Sales Tax.

In view of the above rulings of Hon’ble Supreme Court of India in the matter of Larsen & Toubro Limited & Anr. Vrs. State of Karnataka & Anr and statutory provisions of the OVAT Act, building contracts are species of works contract. The activity of construction undertaken by the Builder/ Real estate developers would be works contract only from the stage the developer enters into a contract with the flat purchaser. Thus the business activities of Builder/ Real estate developers operating in Odisha who enter into agreement with the prospective buyer prior to initiation of construction or within the process of construction but before delivery of flats or house and received payment in instalments/or in other forms are coming within the preview of OVAT in the light of recent judicial pronouncement.
I am Deepak Mohanty. I work as a Programmer in Sundergarh Range Rourkela. In Rourkela, we have a good Help Desk and we are always trying to improve the service delivery. Through a display board we provide appropriate timely information to dealers. We have a VGA splitter display monitor for dealers and during the time of registration, the dealers can view the details of the contents in their application and can edit, so that we get errorless information. We thought of one innovative kiosk through which dealer can know his own information related to returns, registration, arrears. Again dealers can give their feedback on service delivery. Through our Face-book page I could got a good feedback on this innovative kiosk and dealers from other places are also eager to install such kiosks.

I am Smt. Rajalaxmi Naik working as Asst. Commercial Tax Officer, Rourkela II Circle. The new registration process of our Department has changed the perception of dealers. We are working in the Help Desk having serviceable attitude. We have been religiously conducting induction training programme for newly registered dealers since July 2014. I interact with dealers through one-on-one conversation. We insist the dealers to file returns regularly and within time as a statutory obligation. We send messages through mobile SMS Service & e-Mail service before one week of due date of return filling to newly registered dealers. Two days before the due date, again I call all the newly registered dealers to file the returns. On the due date, I check the return status of those dealers. Again I call non-filers to file the returns. Because of the above collective efforts, we could able to receive 99% (approx) of the return from the newly registered dealers during 2014-15. I feel elated, when I see that my efforts have given result. I wish, my friends in other Help Desk should follow the same.

I am Lalbahadur Biswal, presently working as ACCT, Kendrapara Circle, Kendrapara. I am happy to share a few things regarding the new registration process. The process is simple and easy. I can dispose the applications very quickly. It is hassle free. To provide faster service to people coming from far flung areas we take special care to grant the Registration Certificate on the same day. This transparent system enhances trust between Department and stakeholders. There is amiable environment where the dealer can feel free to put forth his issues with the Department and Department is also striving to resolve the issues. This results in voluntary tax compliance by dealers under a responsive tax administration.

I am Somanatha Dash working as gardener in the head office. I love my garden very much. Each year the flowers from our office win prizes in competitions held by different flower loving organisation of the city. Often some big officers visit our premises and are delighted seeing the serene beauty and calls me to pat on my back. Those moments are real reward for me. I cannot take part in tax revenue collection, but after hectic official work, when some officers wander in the garden to relax, I feel very much satisfied. (Translated from Odia)
We are very pleased to say that the beginning of e-services by Commercial Tax Department of Odisha which first introduced the e-payment and e-filling of returns for LTU’s and subsequently for all the dealers has now roofed wider vicinity of services. The e-services to the trading and manufacturing sectors provided all the facilities of commercial tax department like e-waybill, e-declaration forms under CST and e-Registration, e-Amendment, e-Refund, e-Filling of CA Certificates which not only save our valuable time but also any one can do it from anywhere by simply logging in to his registered ID. The Department always aims to smoothen this service and listen to suggestions of business community and implement it sincerely. The Department’s regular upgrading with technical support through toll free number/e-mail is certainly a welcome step. We express our best wishes to Commercial Tax Department of Odisha and to their e-service programmers whose continued endeavor for improvement brings more and more areas within the domain of e-service for the regular benefits of Industry and CTD of Odisha.

RAKESH KU AHUJA
PARTNER, TATA CYCLE & RICKSHAW CO.
Rourkela

Online issue of waybill, Form “C”, amendment & clearance certificate etc. by Commercial Tax Department are good initiatives to facilitate the dealers in getting services timely. Helpdesk system introduced by the sales tax department is a landmark initiative. We appreciate the officials for addressing our issues in a time bound manner and are hopeful to receive such co-operation in the coming days.

Sanjay Kumar Nayak
Manager, Accounts, ARYAN MINING & TRADING CORPN. LTD. Rourkela

We appreciate Department’s efforts for simplifying the various processes of doing business in our state. There has been system overhaul and great improvements have been made. Some of the major benefits we have felt are instant Waybill & C- Form approval, Filling of VAT returns made quick and easy with corresponding input cross check. In case of any technical difficulty, we get full support from officials. Overall, online system has made system easy, fast, effective, and time saving.

MR. VIKAS DUA
Director of M/s. Orbit Motors Pvt. Ltd.
WHAT A NICE COUNTRY!

There were four people in a lift. Two gentlemen and two ladies. The gentlemen were quite elderly and the ladies were younger in comparison. They were going from ground floor to second floor. They didn’t have any conversation during that period.

The lift stopped in second floor. There was no more higher floor in that building. It was seen that no one was coming out of the lift. The indicating light was blinking over number two. There was no doubt in anybody’s mind that, that was not second floor.

After a few moment one gentleman asked the ladies, ‘it is second floor, please go out of the lift’.

‘No, We Indians have high regards to elderly people. Therefore we are waiting that you people will go out of lift first’, replied one lady.

‘But we are from India also and ladies are highly respected in India. So we can’t go first’, answered the other gentleman.

‘What a nice Country, that we are living in. Everybody has regards for everybody. Let us go together and grow together’ suggested the other lady and stepped forward.

Tarangini Mishra  
Commercial Tax Officer, Circle II, Cuttack
ତୁକ୍ତର ପ୍ରତିବାଦ

ପ୍ରସାଦ ବୃହି ହେ। ପ୍ରସାଦ ବୃହି ମେଳା ପରିପରିବର୍ତ୍ତ୍ତୀ ରାଜଦାତା ରହିଛନ୍ତି ପାଳ କାଲଦୁ ହେଲା ପରାନେ ନୀତ୍ତର ସିକିରି କରି ରାଜଦ ନାମ ନାବିକ ୨୦ ମାଇ କରିତାରେ ପାଳ ନାମତି ପୁତ୍ର ଦାତା ପରାନେ ହୁରି ବୃହି ନାମ ନାବିକ ୨୦ ମାଇ ହେଲା ପାଳ କାଲଦୁ ହେଲା ପରାନେ ନୀତ୍ତର ସିକିରି କରି ରାଜଦ ନାମ ନାବିକ ୨୦ ମାଇ ହେଲା ପାଳ କାଲଦୁ ହେଲା 


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WHAT DO WE DO BEYOND OFFICIAL HOURS

Jharsuguda Circle officers and staff participating in “Swachh Bharat” Campaign

Talent in Acting

The Commercial Tax Family is responsible for collecting the largest share in the State’s own tax revenue. No doubt, our officers and staff are hard pressed. However, they still find time to pursue their passions other than work.

Malaya Mohanty, CTO, Assessment Unit, Khurda, participating 22nd India Theatre Olympiad-2014 and adjudged best actor.

Bhubaneswar Cycling and Adventure Club

Imagine covering 190 km in a day by a bicycle on the National Highways of Odisha!

Members of the Bhubaneswar Cycling and Adventure Club (BCAB) have done it with ease. Led by Manoj Ahuja, Commissioner of Commercial Taxes, Odisha the team included Sanjeeb Kumar Panda, Lalit Das and Rajesh Mafidar.

Empowered with adventure of covering the most difficult 450 plus km from Manali to Leh, the team took it as a challenge.

While people were enjoying Durga Puja festivities, the BCAB team planned its cycle ride from the State capital city of Bhubaneswar to the steel city of Rourkela. The target was huge as they had to cover 341 km in two days, October 1 and 2, as per the schedule.

Members of the Bhubaneswar Cycling and Adventure Club undertook an adventurous bicycling trip from Manali to Ladakh, covering a distance of 500-km at a height of 17,500 feet from the sea level. The journey, which started on 19 August, ended on 29 August 2014.

Literary Interest

Chandrasekhar Hota, CTO Rourkela in a literary function with his odia poem.

Daughter — A Chess Champion

Daughter of Prakash Mishra, DCCT (Vigilance) Bhubaneswar, Anwesha with her mother. Anwesha is a rare talent in chess who has won many National & International Championships. She has represented India in competitions held in Slovenia and Sri Lanka and brought laurels.