



**COMMERCIAL TAXES AND  
REGISTRATION DEPARTMENT**

**DEMAND NO.10  
COMMERCIAL TAXES**

**POLICY NOTE  
2021-2022**

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MINISTER FOR  
COMMERCIAL TAXES AND  
REGISTRATION**

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**GOVERNMENT OF  
TAMIL NADU  
2021**

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**1. Preamble**

The Commercial Taxes Department is an important core department that contributes more than two-thirds of the State's own tax revenue while ensuring transparency and efficiency in tax collection and tax administration.

Introduction of Goods and Services Tax Act, 2017 is a landmark change in the taxation system, extending applicability of State tax to both goods and services. Commercial Taxes Department is committed to tax administration in a transparent and comprehensive manner. Almost all activities relating to GST are provided to the taxpayer online, thereby substantially reducing the

need for taxpayer and tax department officers to get into direct interaction. The department seeks to provide a business friendly tax administration, with high collection efficiency.

## **2. Primary functions of the Department**

The Commercial Taxes Department primarily deals with the implementation of Tamil Nadu Goods and Services Tax Act, 2017. In addition, Tamil Nadu Value Added Tax Act, 2006 and Central Sales Tax Act, 1956 (relating to six goods enumerated in Serial Number 54 of State List of the VII Schedule to the Constitution of India, namely Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Natural Gas, Aviation Turbine fuel and Alcoholic liquor for human consumption) are being administered by the Department.

The department also follows up all residual work, relating to the following legacy Acts, which were in vogue till 30.06.2017:-

1. Tamil Nadu Value Added Tax Act, 2006
2. Tamil Nadu General Sales Tax Act, 1959
3. Tamil Nadu Additional Sales Tax Act, 1970
4. Tamil Nadu Entertainments Tax Act, 1939
5. Tamil Nadu Betting Tax Act, 1935
6. Tamil Nadu Tax on Luxuries Act, 1981
7. Tamil Nadu Tax on Entry of Motor Vehicles into Local Areas Act, 1990
8. Tamil Nadu Tax on Entry of Goods into Local Areas Act, 2001
9. Tamil Nadu Advertisements Tax Act, 1983.
10. Central Sales Tax Act, 1956

### **3. Monitoring of Revenue Collection and Comparison with past six years**

The revenue collections by the department in the past six years are as tabulated below:-

**(Rs.in crore)**

<b>Year</b>	<b>Collection of Revenue</b>	<b>Growth Rate (%)</b>
2015-2016	61,709.58	2.31
2016-2017	67,576.77	9.51
2017-2018	73,148.28	8.24
2018-2019	87,905.26	20.17
2019-2020	95,086.93	8.17
2020-2021	96,209.23	1.18

A sum of Rs.96,209.23 crore (including GST compensation and IGST settlement) was collected during the year 2020-2021, which was Rs.1,122.30 crore higher than the collection of Rs.95,086.93 crore in the previous year 2019-2020 and registered a low growth rate of 1.18%. This has been due

to the impact of Covid-19 that ravaged the entire country.

#### **4. Expenditure on Administration**

The expenditure on administration every year has been below one percent as shown in the following table:-

<b>Year</b>	<b>Revenue receipts (in crore)</b>	<b>Expenditure amount (in crore)</b>	<b>% Expenditure to revenue receipts</b>
2018-19	87,905.26	386.56	0.44
2019-20	95,086.93	470.82	0.50
2020-21	96,209.23	459.39	0.48

#### **5. Revenue collection Details – Pre-GST and Post-GST**

The Pre-GST revenue collection details are as follows:-

(Rs. in crore)

<b>Sl. No</b>	<b>Act</b>	<b>2015-2016</b>	<b>2016-2017</b>
1.	Tamil Nadu Value Added Tax Act	54,804.54	59,262.00
2.	Central Sales Tax Act	4,037.76	5,125.20

3.	Tamil Nadu General Sales Tax Act	211.12	188.65
4.	Tamil Nadu Entertainment Tax Act	106.29	85.81
5.	Betting Tax Act	5.65	7.86
6.	Luxury Tax Act	357.03	379.01
7.	Entry Tax Acts on Vehicles & Goods	2,187.19	2,528.24
	<b>Total</b>	<b>61,709.58</b>	<b>67,576.77</b>

### Breakup details of Pre-GST and Post-GST Collection during 2017-2018

(Rs.in crore)

	Total	Non GST*	VAT/ Others	SGST	IGST settlement	Advance IGST settlement	Compensation
<b>Pre GST</b>	15,535.66	7,592.28	7,943.38	0	0	0	0
<b>Post GST</b>	57,612.62	28,554.90	3,518.80	16,199.93	7,402.99	1,304.00	632.00
<b>Total</b>	<b>73,148.28</b>	<b>36,147.18</b>	<b>11,462.18</b>	<b>16,199.93</b>	<b>7,402.99</b>	<b>1,304.00</b>	<b>632.00</b>

### Details of Post-GST Collection

(Rs.in crore)

Year	Total	Non GST*	VAT/ Others	SGST	IGST settlement	Adhoc IGST Settlement	Compensation
<b>2018-19</b>	87,905.26	42,414.96	593.98	24,476.56	12,425.94	4,842.82	3,151.00
<b>2019-20</b>	95,086.93	44,023.19	796.53	27,117.38	14,031.04	196.76	8,922.03
<b>2020-21</b>	96,209.23	42,982.27	393.52	23,870.18	15,534.18	2,826.26	10,602.82

\*Represents Non GST revenue collection in respect of petroleum products and alcoholic liquor for human

consumption under TNVAT Act, 2006 and CST Act, 1956. Petroleum products include Petrol, Diesel, Aviation Turbine Fuel, Natural Gas and Crude Petroleum.

## **6. Administrative structure**

The Department is headed by Commissioner of Commercial Taxes, who is assisted by a Senior Additional Commissioner and five Additional Commissioners and one Joint Commissioner (Administration- in IAS cadre post) and other officers. Under the Tamil Nadu Goods and Services Tax Act, 2017, the Commissioner of State Tax is empowered to extend the due date of filing of monthly and annual returns by taxpayers, to extend the time to file the details of remittance in convertible foreign currency by the exporter of service, issue orders for arrest of tax evaders. The Commissioner is also empowered to issue instructions regarding implementation of the Act for the

purpose of uniformity and also to assign functions to the subordinates.

The Commercial Taxes Department comprises of 12 Territorial Divisions (including Large Tax Payers Unit-LTU) and 9 Intelligence wings headed by Joint Commissioners. There are 42 Zones/Commercial Taxes Districts in the Territorial wing headed by Deputy Commissioners. An Appeal Wing also functions separately and the first Appellate Authority is segregated as 'Legacy Appeal' and 'GST Appeal' to suit the present GST scenario. The Sales Tax Appellate Tribunal is the second Appellate Authority for Legacy Acts, with the main bench at Chennai and additional benches at Chennai, Madurai and Coimbatore.

The Large Tax Payers Unit functions at Chennai to facilitate large taxpayers of the State. A maximum of 100 taxpayers is

allotted to this unit to provide best quality services to the top taxpayers. The details of revenue collected from Large taxpayers are as mentioned below:-

Office	No. of Large taxpayers	Year	Nature of Tax	State Revenue (Rs. in crore)	LTU Revenue (Rs. in crore)	Share of LTU in State Revenue in %
Large Taxpayer Unit	100	2020-2021	Value Added Tax	43,375.79	39,937.18	92%
			State GST (State taxpayers only)	13,446.14	2,941.14	22%
			<b>Total</b>	<b>56,821.93</b>	<b>42,878.32</b>	<b>75%</b>
	99	April 2021 to July 2021	Value Added Tax	12,462.93	11,379.12	91%
			State GST (State taxpayers only)	4,811.04	1,025.33	21%
			<b>Total</b>	<b>17,273.97</b>	<b>12,404.45</b>	<b>72%</b>

After the introduction of GST, the administration of the department was re-organized with effect from 01.06.2019 for ensuring enhanced performance and effective delivery of service to taxpayers.

## **7. Different Wings of the Department**

The Commercial Taxes department may be broadly classified into three main

administrative wings i.e., Assessment Wing, Appellate Wing and Intelligence Wing. These wings perform the following activities :-

### **7.1. Activities of the Assessment Wing**

There are 338 assessment circles in the State, functioning under the control of Assistant Commissioners/Commercial Tax Officers and they are responsible for various activities such as registration, levy and collection of tax, monitoring the filing of returns, scrutiny of returns, assessment/adjudication, transitional credits and recovery of arrears of tax. The assessment circles are monitored by 42 Deputy Commissioners at District/Zonal level and by 11 Joint Commissioners at the Divisional level. The Joint Commissioners are empowered with statutory revision powers.

## **7.2. Activities of the Review, Appeal and Revision Wing**

Under the TNGST Act, 2017, the tax payer and the department have the right to file appeal against the order or decision of the proper officer. Hence, all the orders and decisions passed by the adjudicating authority are subject to review by the department. This review work is undertaken by a unit headed by the Assistant Commissioner. Under the TNGST Act, 2017, all the returns filed are self-assessed and hence, no separate orders are passed by the proper officers for assessing the returns filed by the taxpayers. The above activities are carried out by the Assistant Commissioners under the control of the territorial Deputy Commissioners.

### **7.3. Audit undertaken by the Accountant General**

The Accountant General's Audit is an annual audit exercise carried out by the Accountant General, under the TNVAT, CST and TNGST Acts. The audit also involves thematic study on different activities of the department, apart from the performance audit. The joint meetings of the Departmental Audit Committee are conducted to discuss various important audit observations pointed out by the Accountant General and for the early rectification of defects.

## **8. Activities of the Appellate Wing**

### **8.1. Filing of first appeal under Legacy Acts**

The Appellate Deputy Commissioner is the first appellate authority for the orders passed by any assessing officer upto the rank of Assistant Commissioner under the

TNVAT and CST Acts. Appeals made against the assessment orders passed by Deputy Commissioners are heard by the Appellate Joint Commissioners. The Appellate Deputy Commissioners and Appellate Joint Commissioners function under the superintendence of Tamil Nadu Sales Tax Appellate Tribunal. A Departmental Representative in the cadre of Assistant Commissioner represents the department in each Appellate Forum against the appeals filed before the Appellate Authorities. In the year 2020-2021, totally 1611 appeals have been disposed by the Appellate Authorities.

## **8.2. Filing of first appeal under Tamil Nadu Goods and Services Tax Act, 2017**

Under the Tamil Nadu Goods and Services Tax Act, 2017, the order of filing appeal starts from the first Appellate Authority, followed by Appellate Tribunal,

High Court and Supreme Court. The Deputy Commissioners (GST-Appeal) at Chennai-I, Chennai-II, Trichy, Madurai, Erode and Coimbatore are the first Appellate Authorities. They hear appeals filed against the orders of the proper officers in the cadre of Assistant Commissioner and below in their respective jurisdiction. The Joint Commissioner (GST Appeal), Chennai, is the competent authority to hear the appeals filed against the order/decision made by the Deputy Commissioners of Large Taxpayers Unit under the TNGST Act, 2017. The department is represented by the Departmental Representative in the cadre of Assistant Commissioner before the first Appellate Authority. In the year 2020-2021, totally 1809 appeals have been disposed by the first Appellate Authorities.

### **8.3. Functions of Tamil Nadu Sales Tax Appellate Tribunal**

The Tamil Nadu Sales Tax Appellate Tribunal (STAT) is empowered to hear the appeals filed against the orders of the first appellate authority i.e., appellate Deputy Commissioner or Joint Commissioner, under the TNVAT Act, 2006 and CST Act, 1956. The Main Bench of STAT is situated in Chennai and Additional Benches are situated at Chennai, Madurai and Coimbatore.

The STAT is headed by a Chairman, who is in the rank of a District Judge and it consists of two additional members - one of whom is an officer of the Commercial Taxes Department of the State Government not below the rank of Additional Commissioner and the other member is an officer from the Indian Audit and Accounts Service or Income-Tax Department not below the rank of Joint Commissioner of Income Tax or an

officer of the Joint Commissioner cadre in the Central Excise Department or Customs Department or Railway Accounts Department or Defence Accounts Department or an outsider who is a member of the Institute of Chartered Accountants of India and possessing practical experience of not less than five years as a Chartered Accountant or a member of the Institute of Cost and Works Accountants of India with practical experience of not less than five years as a Cost Accountant.

Each additional bench of the STAT comprises of a Judicial member in the rank of a Subordinate Judge and an additional departmental member in the cadre of a Joint Commissioner. A State Representative in the cadre of Joint Commissioner and an Additional State Representative in the cadre of Deputy Commissioner represent the department before the Main Bench and the

Additional Benches, respectively. The above set up exists to hear the cases under the Legacy Acts.

The details of Appeals disposed in Sales Tax Appellate Tribunal are provided as below:-

<b>Name of the Appellate Authority</b>	<b>Year</b>	<b>No. of appeals disposed</b>
Sales Tax Appellate Tribunal	2020-2021	613

#### **8.4. Formation of National Tribunal under GST**

Appellate Tribunal under Goods and Services Tax Act, 2017 is proposed to be formed to hear the appeals against the orders passed by the first Appellate Authority, i.e. Appellate Deputy Commissioner or Joint Commissioner or the Revisional Authority, where one of the issues involved relates to the place of

supply. In this regard, two tribunals under the GST Act, namely a National Tribunal and its Regional Bench are yet to be formed as the case is still pending before the Supreme Court.

The creation of a Tribunal with a National bench in New Delhi and one regional bench in Chennai was approved by the GST Council. In cases where the issues are related to other than the place of supply, the State Bench has jurisdiction to hear appeals against the orders passed by the Appellate Authority or Revisional Authority. The State Bench of the Appellate Tribunal, which is yet to be formed, is required under law to consist of a Judicial Member, one Technical Member each from Central and State Governments. The State Government may designate the senior most Judicial Member in the State as the State President. This provision of law has been

challenged in High Court of Madras and following its judgment, the Union of India has filed Special Leave Petition before Supreme Court of India and the same is pending.

## **9. Activities of Intelligence Wing**

The erstwhile Enforcement Wing has been renamed and is functioning as 'Intelligence Wing' for greater effectiveness in its functioning and to align it with the new roles assigned under Goods and Services Tax Act to officers while also protecting taxpayers' interest. It seeks to achieve the desired objective by use of intelligence tools.

There are nine Intelligence Divisions across the State, two in Chennai and one each in Vellore, Trichy, Madurai, Salem, Tirunelveli, Coimbatore and Erode. A Joint Commissioner heads each Intelligence

Division. Specialized cells have been constituted for gathering data, market survey and for preparing investigation files based on the inputs received from these cases as intelligence based inspections provide better results than random inspections, apart from resulting in more efficient human resource use and reducing the burden of taxpayers. In each Intelligence Division there is a permanent Roving squad and Joint Commissioners are authorized to form additional roving squads. In each Intelligence Division all other officers and staff constitute the Data cell, Survey cell, Adjudicating cell, Technical Cell and Collection Cell.

The details regarding performance of Roving squad are tabulated below:-

Year	No. of vehicles checked	No. of offences booked	Amount Collected (Rs. in crore)
2020-2021	3,09,957	3,379	11.69
April 2021 to July 2021 (only for 4 months)	1,02,545	1,137	4.52

### **9.1.Functions of Central Intelligence Wing**

This wing functions in Chennai under the control of the Commissioner and is assisted by the Additional Commissioner (Intelligence). This wing comprises of the following:-

- (i) Investigation Unit
- (ii) Co-ordination Unit

### **9.2. Investigation Unit**

The Investigation Unit mainly analyses various types of tax evasion with the help of

relevant data provided by the Data Cell. The Data Cell Unit includes one section for collection of data within the department and another section collects data from various external sources.

The Survey Cell undertakes market survey and analyses the market price of goods and services for carrying out Test purchases in exceptional cases, as and when directed by the Commissioner. The Survey Cell provides various inputs to Investigation Unit.

A Technical Cell was created to retrieve hidden/deleted/remotely located data with adequate tools and this cell would also help the Investigation Unit by providing necessary technology based inputs.

### **9.3 Co-ordination Unit**

The Co-ordination Unit examines the investigation files received from the

Intelligence Divisions and obtains approval from the Commissioner through the Additional Commissioner (Intelligence) for further action. This unit provides necessary information for preparation of statistics and also various reports on the basis of inspections conducted.

#### **9.4 Inspection activities by Central Intelligence Wing**

The Central Intelligence Wing prepares investigation files, based on the information received from various sources like Director General of GST Investigation (DGGI), other State and Central authorities, petitions/complaints from the public etc. In the financial year 2020-2021, a total of 240 inspections were conducted and Rs.18 crore was collected. In the financial year 2021-2022, upto the month of July, a total of 261 inspections have been conducted and

Rs. 3 crore was collected and adjudication is under process.

### **9.5. Post verification of new Registrations**

In order to weed out bill trading activities, it was decided to conduct the post verification from June 2021 in the places of business of newly registered taxable persons. To execute this exercise, initially, the places of business of newly registered taxable persons for the period from February 2021 to May 2021 were verified and 515 tax payers were found to be non-existent. Registrations of 208 non-existent taxable persons have been cancelled so far and for the remaining cases, further action as per law is under process.

### **9.6 Action taken on bill traders**

In order to curb bill trading activities, scrutiny of returns and e-way bill data has been carried out and so far 371 taxable

persons have been identified and action under TNGST Act 2017 is being taken against such persons. Further, beneficiaries who have availed such fake ITC are being identified and action against them is being taken by way of blocking of wrongly availed credit and such amount is being collected along with penalty and interest.

### **9.7. Integration of fastAG with e-Way bill system**

During May 2021, the integration of fastAG with e-Way bill system has been carried out by the National Informatics Centre, Bangalore, at the national level and it has been rolled out for the use of the officers of the GST Department. The data analytics report of RFID Live data available in the e-Way Bill portal identifies suspected 'Bill Traders', who generate e-Way Bills for huge outward supplies in crore, without any actual inward supplies as manifested in their

returns and generation of e-Way Bills. This report is being utilized for immediate verification by the proper officers and for initiating cancellation proceedings and pursuing further action as per the TNGST Act, 2017. Similarly in respect of other States and Centre allotted cases, GST Alert Notices regarding the beneficiaries of bill traders and registration with same PAN are being sent to the respective State/Central GST Authorities for pursuing further action for cancellation of registration as per the GST Act, 2017.

<b>Sl. No.</b>	<b>Nature of movement</b>	<b>No. of e-way bills generated (as on 31.07.2021)</b>
1.	Inter-State Movement	6,79,76,448
2.	Intra-State Movement	12,07,08,640

## **10. Functions of Statistics and Research Cell**

The Statistics and Research Cell brought out the following periodical reports/publications during 2020:-

1. Monthly performance report–Territorial Divisions
2. Monthly performance report–Intelligence Divisions
3. Compiling the Balanced Scorecard for objective evaluation of the performance of Territorial Divisions
4. Yearly Booklet on 'Commercial Taxes Department – Administrative Report'
5. Annual Time series report on 'Statistical Compendium on Commercial Taxes Department'

## **11. Activities of Capacity Building by Commercial Taxes Staff Training Institute (CTSTI)**

The Commercial Taxes Staff Training Institute was established in the year 1982

and is located in Chennai. It is headed by a Director in the cadre of Joint Commissioner (Commercial Taxes). The objective of the training Institute is to impart 'In Service Training' and 'Refresher Course Training' to all the officials of the department. The Institute imparts training at the Regional Training Centres located at Vellore, Salem, Coimbatore, Trichy, Madurai and Tirunelveli. After reorganization of department, the Commercial Taxes Staff Training Institute and Regional Training Centres are functioning under the control of Additional Commissioner (Non-GST).

In 2020-21, a total of 4,403 officers (including 1,200 persons through Webinar Online training) in the cadre of Additional Commissioner, Joint Commissioner, Deputy Commissioner, Assistant Commissioner, State Tax Officer, Deputy Commercial Tax Officer and other staff of the department

were provided training at a cost of Rs.24 lakh. The Training Institute and other regional training centres impart various types of training like refresher training, in-service training, advanced training on GST, Insolvency and Bankruptcy Code, digital forensics, Tally and advanced Excel Data Analysis, data retrieval, workshops and induction training for new recruits.

The following training programmes were conducted by the Institute after December 2020, when the Covid restrictions were lifted.

1. Induction Training Program for direct recruit Assistant Commissioners for 60 working days – for 18 officers was conducted.
2. Induction Training Program for direct recruit Deputy Commercial

Tax Officers for 45 working days  
- for 88 officers was conducted.

3. Compulsory head of District and Departments' Training to 40 Section Officers of Secretariat was conducted.
4. Commercial Taxes Staff Training Institute, Chennai imparted one day training in Quarterly Return Monthly Payment Scheme (QRMP) for 84 Master Trainers of the Department.
5. This Institute also conducted Awareness Generation Meeting on Communicable Disease Prevention and Control-COVID-19 for 262 participants (4 Batches) from the cadre of Junior Assistant to Assistant Commissioner of this department along with the

officials of Public Health and Preventive Medicines Department.

6. Training on procedures and issues pertaining to Insolvency and Bankruptcy Code/ National Company Law Tribunal was imparted by the Institute to 80 participants including Joint Commissioners, Deputy Commissioners, Assistant Commissioners and Senior level officers and to 1200 participants from other districts through interactive virtual mode.

The details of funds sanctioned and training conducted for the year 2020-21 are furnished as below:-

Year	Amount of fund sanctioned (Rs.)	Amount spent	Total no. of training conducted	No. of classes conducted	No. of persons benefited
2020 -2021	24,18,000/-	24,09,423/-	52	580	4,403 (including 1,200 persons through online)

## **12. Taxpayers Advisory Committee**

### **12.1 State Level Taxpayers' Advisory Committee**

The State Level Taxpayers' Advisory Committee has been reconstituted under the chairmanship of the Commissioner of Commercial Taxes to identify issues relating to day-to-day tax administration faced by the Traders and Industrialists having impact on the whole of Tamil Nadu and also to recommend solution to the Department/ Government redressing the grievances of the Traders Associations and Chamber of Commerce.

## **12.2.District Level Taxpayers' Advisory Committee**

The District Level Taxpayers' Advisory Committee has been reconstituted under the chairmanship of the District Collector concerned.

## **13. Complaint cell**

A Complaint Cell has been formed in the office of the Commissioner of Commercial Taxes, Ezhilagam, Chepauk, Chennai with effect from 01.07.2021 to enable the traders and the general public to air their grievances and lodge complaints with respect to deficiencies noticed in delivery of services by the officials of Commercial Taxes Department. The complaints may be made over phone between 10.00 a.m. to 5.45 p.m. on all working days in Phone number 044-28514250 or may be sent through e-mail to [ctdpetition@ctd.tn.gov.in](mailto:ctdpetition@ctd.tn.gov.in).

Details of complaints received:-

Details	Received through e-mail	Received over phone
No. of complaints upto 31.07.2021	159	189
No. of complaints disposed off	135	175
No. of complaints under process	24	14

**14. Tamil Nadu Goods and Services Tax Act, 2017**

**14.1. Migration of Taxpayers:**

Due to implementation of GST in the State from 01.07.2017, the department made elaborate arrangements for migration of dealers registered under the existing Tamil Nadu Value Added Tax Act, 2006 and active as on 30.06.2017 to the new tax regime of Tamil Nadu Goods and Services Tax Act, 2017 in a hassle free manner. Registration under the Tamil Nadu Goods and Services Tax Act, 2017 is mandatorily

done only through electronic mode and manual method is not permitted. There are about 10.88 lakh registered taxpayers in the State as on 31.07.2021 as detailed below:

Allotted to State Jurisdiction : 6.53 lakh

Allotted to Central jurisdiction : 4.35 lakh

In order to remove difficulties faced by the taxpayers in the procedures followed in the new tax regime, the GST Council has recommended various measures for amending the Act and Rules so as to make the system of procedure simple and easy to be adopted by the taxpayers and these were duly carried out in the Tamil Nadu Goods and Services Tax Act, 2017 and Rules made thereunder.

#### **14.2. Highlights of Taxation rates under GST**

The rates of tax of various goods and services under the GST Act are detailed below:-

- 5%, 12%, 18% and 28% are four major tax slabs.
- 3% tax for precious and semi-precious goods
- 0.25% tax for rough precious and semi-precious stones
- Compensation Cess at different rates is levied on sin and luxury goods like pan masala, tobacco, cars etc., to compensate the loss of revenue to the State due to implementation of the GST Act for a period of five years from 01.07.2017.
- A composition scheme with tax rate of 1% for traders and manufacturers whose total turnover is upto Rs.1.50 crore per annum.
- GST is levied on import and inter-state supply of Goods and Services under Integrated Goods and Services Tax Act, 2017.

## **15. Goods and Services Tax Council**

The Goods and Services Tax Council has been constituted following the enactment of 101<sup>st</sup> Constitutional Amendment Act. All States including Union Territories having legislature and Centre are members of this Council. The Minister for Finance and Human Resource Management represents the Government of Tamil Nadu as member of this Council.

At present, this Council makes recommendations to the States and Centre in respect of the following:-

- (a) To identify and recommend the goods and services that may be subjected to, or exempted from the goods and services tax
- (b) The taxes, cesses and surcharges levied by the Union, the States and the local bodies which may

be subsumed in the goods and services tax

- (c) Model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply
- (d) The threshold limit of turnover below which goods and services may be exempted from goods and services tax
- (e) The rates including floor rates with bands of goods and services tax

**15.1. The representations made by the Government of Tamil Nadu in the 43<sup>rd</sup> GST Council meeting held on 28.05.2021**

In the 43<sup>rd</sup> GST Council, the State of Tamil Nadu represented its views as follows:-

“Successive Finance Commissions since Independence have continuously perpetrated an injustice upon developed States by totally ignoring the proportion of ‘Taxes-originated’ as a factor when recommending allocations as shares of the Pool of Divisible Taxes. In a similar vein, the ‘One State, One Vote’ basis (with no consideration of either Population or Gross State Domestic Production or Proportion of National Production or Consumption) for the GST Council perpetrates an injustice on larger, well-developed States in multiple ways. There are far fairer and more just ways to allocate votes in the GST Council, with voting rights in proportion to membership in the

Rajya Sabha as an immediate, more equitable, alternative”.

The details of decisions taken based on the recommendations made by the Goods and Services Tax Council are as follows:-

**a) Registration related issues**

- 1) The threshold limit for registration in respect of goods has been increased from Rs.20 lakh to Rs.40 lakh with effect from 01.04.2019.
- 2) For registering under GST Act, 2017, Aadhaar verification of the taxpayers is followed.
- 3) The filing of application for revocation of cancellation was allowed till 30.09.2020 for cancellation orders that were passed upto 12.06.2020.

## **b) Returns related issues**

- 1) In order to give relief to taxpayers the due dates for submitting the returns have been extended and also late fee applicable on the belated filing of returns has also been waived.
- 2) To give relief to small taxpayers having aggregate turnover in the previous financial year upto five crore rupees, an option to file Quarterly Return Filing and Monthly Payment of Taxes (QRMP) Scheme from 01.01.2021 has been introduced. Under this scheme, the taxpayers have to file return in FORM GSTR-3B on a quarterly basis but they have to pay the tax every month.
- 3) Decisions taken in the 40<sup>th</sup> GST Council meeting held on 12.06.2020:-

- (i) Relief was provided for small taxpayers (with no liability) by removing the late fee for GSTR-3B returns for the tax period from July 2017 to January 2020 filed between 01.07.2020 and 30.09.2020. However, returns with liability will attract a late fee of Rs.50 per day for non-filing, subject to a maximum amount of Rs.500 per return for the above said tax period filed during the above mentioned period.
- (ii) For small taxpayers having aggregate turnover upto five crore rupees in the preceding financial year, the rate of interest

for filing the GSTR-3B returns with delay for the month of February, March and April 2020, till 30.09.2020, has been reduced to 9%, as against 18% earlier.

4) Decisions taken in the 43<sup>rd</sup> GST Council meeting held on 28.05.2021:

- (i) For taxpayers having aggregate turnover exceeding five crore rupees in the preceding financial year, who were required to file returns for February, March and April 2020 to avail the benefit of COVID-19 relief package, NIL interest to be charged for 15 days from due date and interest at 9% to be charged thereafter till 24.06.2020 and at normal rate of 18%

after 24.06.2020.

- (ii) Small taxpayers having turnover upto five crore rupees will be not charged with any late fee or interest if they file the FORM GSTR-3B for the month of May 2020, June 2020 and July 2020, till 30.09.2020 as per the staggered dates notified.
- (iii) As a trade facilitation measure, an amnesty scheme has been introduced to provide relief to taxpayers regarding late fee for late submission of 'FORM GSTR-3B' between 01.06.2021 and 31.08.2021 for the tax periods from July, 2017 to April, 2021.

- 5) Further, to reduce burden of late fee on smaller taxpayers, the upper cap of late fee is being rationalized to align late fee with tax liability/ turnover of the taxpayers
- 6) In addition, concessions relating to waiver of late fee, reduced rate of interest for belated filing of return and extension of due date for filing returns are provided to the taxpayers for the tax periods - March, April and May 2021.
- 7) Filing of annual return in FORM GSTR-9/9A for Financial Year 2020-21 is made optional for taxpayers having aggregate annual turnover upto two crore rupees.

**c) Rate of tax related issues**

- The rate of taxes and job works in relation to various sectors has been rationalised.

## **d) Covid-19 relief related concessions**

1) 43<sup>rd</sup> GST Council Meeting was held on 28.05.2021 through video conference.

- (i) As a COVID-19 relief measure, a number of specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic marker test kits and COVID-19 vaccines, etc., have been recommended for full exemption from IGST, even if imported on payment basis, for donating to the Government or on recommendation of State authority to any relief agency. The above exemption from IGST has also been extended to

Amphotericin-B, which is used for the treatment of Black Fungus disease.

- (ii) To support the *Lymphatic Filariasis* (an endemic) elimination programme being conducted in collaboration with the WHO, the GST rate on Diethylcarbamazine (DEC) tablets has been reduced from 12% to 5%.

2) 44<sup>th</sup> GST Council Meeting was held on 12.06.2021 through video conference:

- (i) Exemption from GST has been granted to certain medicines such as Tocilizumab and Amphotericin-B.
- (ii) The reduction in the GST rates on the specified items being used in Covid-19 relief and management till 30.09.2021 was given as detailed below:-

<b>Sl. No.</b>	<b>Description</b>	<b>Previous rate of tax</b>	<b>Revised rate of tax</b>
<b>Medicines</b>			
1	Tocilizumab	5%	Nil
2	Amphotericin-B	5%	Nil
3	Anti-Coagulants like Heparin	12%	5%
4	Remdesivir	12%	5%
5	Any other drug recommended by Ministry of Health and Family Welfare (MoHFW) and Dept. of Pharma (DoP) for Covid treatment	Applicable Rate	5%
<b>Oxygen, Oxygen generation equipment and related medical devices</b>			
1	Medical Grade Oxygen	12%	5%
2	Oxygen Concentrator/ Generator, including personal imports thereof	12%	5%
3	Ventilators	12%	5%
4	Ventilator masks / canula / helmet	12%	5%
5	BiPAP Machine	12%	5%
6	High flow nasal canula (HFNC) device	12%	5%
<b>Testing Kits and Machines</b>			
1	Covid Testing Kits	12%	5%
2	Specified Inflammatory Diagnostic Kits, namely D-Dimer, IL-6, Ferritin and LDH	12%	5%

<b>Other Covid-19 related relief material</b>			
1	Pulse Oximeters, including personal imports thereof	12%	5%
2	Hand Sanitizer	18%	5%
3	Temperature check equipment	18%	5%
4	Gas/Electric/other furnaces for crematorium, including their installation, etc.	18%	5%
5	Ambulances	28%	12%

### **e) Compensation Cess**

1) During the 41<sup>st</sup> GST Council meeting held on 27.08.2020 through video conference, the Council has provided two options to meet the shortfall of compensation cess.

- (i) Option I - To meet out the shortfall amounting to Rs.96,477 crore with a relaxation of 0.5% in the State's Fiscal Responsibility and Budget Management (FRBM) limit
- (ii) Option II - The compensation

amount will be borrowed in the name of States and to be repaid from the cess.

2) In the 42<sup>nd</sup> Council meeting held on 05.10.2020, it has been decided that the levy of compensation cess is to be extended beyond the transition period of 5 years, i.e. beyond June, 2022 for such period as may be required to meet the revenue gap.

**f) Others**

(i) The requirement of Harmonised System of Nomenclature (HSN) Code for goods and Services Accounting Code (SAC) for services in invoices and in form GSTR-1 with effect from 01.04.2021 is revised to be at a 6-digit level for assesseees whose average turnover is higher than five crore rupees and at a 4-digit level for those

whose average turnover is less than five crore rupees executing Business to Business (B2B) supplies.

- (ii) From 01.01.2021, refund is given to those whose bank account is validated with PAN and Aadhaar.

## **16. Grievance Redressal Committee**

The State level Grievance Redressal Committee (GRC) has been formed with representatives of Trade and Industry and other GST stakeholders. It is co-chaired by Commissioner of State Tax and Principal Chief Commissioner of Central Tax. This committee has conducted one meeting with stakeholders on 23.10.2020 through video conferencing.

## **17. Online Monitoring of Movement of Goods**

Under GST law, the ITC could be claimed for the inward supplies made across the country and therefore the correctness of such claim needs to be verified. In order to identify whether such claim actually accompanied the movement of goods, an electronic mode of way bill was introduced from 01.04.2018 namely, e-way bill, which will be generated from Government NIC portal. This was extended for Intra-State movements of goods with effect from 02.06.2018.

As on 31-07-2021, around 3.60 lakh taxpayers are registered under e-way bill portal and about 6.80 crore of e-way bills for inter-state movements and around 12.07 crore of e-way bills for intra-state movements have been generated through the portal. Our State ranks 4<sup>th</sup> in all India volume of generation of e-way bills.

## **18. Advance Ruling Authority**

Under the GST Act, any person registered or desirous of obtaining registration may seek advance ruling on classification of goods or services or both, applicability of notifications, determination of time and value of supply, admissibility of supply, admissibility of ITC and liability to pay tax. Authority for Advance Ruling for Tamil Nadu has been formed and is functioning at the Integrated Commercial Tax Offices Complex, Elephant Gate Bridge Road, Park Town, Chennai-600003 and its e-mail id is [jc.adv.rul@ctd.tn.gov.in](mailto:jc.adv.rul@ctd.tn.gov.in). The details of applications disposed by the Advanced Ruling Authority (AAR) are provided below:-

<b>Year</b>	<b>No. of applications disposed</b>
2020-2021	52
2021-2022 (01.04.2021 to 31.07.2021)	18

If an applicant is aggrieved by the order of the Advance Ruling Authority, he/she may prefer appeal within 30 days from the date of communication of the order, before the Appellate Authority of Advance Ruling (AAAR). The Commissioner of State Tax and the Principal Chief Commissioner of Central Tax, Tamil Nadu are members of the Appellate Authority for Advance Ruling and it is functioning at Ezhilagam, Chepauk, Chennai - 600005. The Telephone No. is 044-28521744 and the e-mail id is cct@ctd.tn.gov.in. The details of appeals disposed by the Appellate Authority of

Advance Ruling (AAAR) are provided as below:-

<b>Year</b>	<b>No. of appeals disposed</b>
2020-2021	3
2021-2022 (01.04.2021 to 31.07.2021)	19

### **19. Anti-Profiteering activities under GST**

Under the provisions of GST Act, an Authority has been formed to examine whether input tax credit availed by any registered person or the reduction in the tax rate has actually resulted in commensurate to reduction in the price of the goods or services or both supplied by him.

In order to monitor such representation by the National Anti-Profiteering Authority, a State level Screening Committee on Anti-Profiteering for the Tamil Nadu has been constituted. The Joint Commissioner (Intelligence-I), Chennai

and Central Commissioner, Chennai North Commissionerate (CGST), Chennai are members of the said Committee and functioning at the office of the Joint Commissioner (ST), Intelligence-I, Greams Road, Chennai-600006. The email id is jcint.chn1@ctd.tn.gov.in.

The details of applications received by the Screening Committee as on 31.07.2021 are mentioned below:-

<b>Year</b>	<b>No. of applications received</b>	<b>No. of applications disposed</b>
2017-18	3	3
2018-19	7	7
2019-20	9	9
2020-21	3	2
Total	22	21

## **20. Common Portal under GST**

The GST comprises of State tax, Central tax, Integrated tax and Compensation Cess and these are levied under separate enactments. But, from the

taxpayers perspective, GST must be a single format of return containing the above four kinds of levies under different enactments and hence there is a need for common portal for filing of common return by the taxpayer. This led to the formation of a network called Goods and Services Tax Network under a Government company, duly incorporated under Companies' Act. The Union Government, State Governments and Union Territories with legislature are holding shares of this company. Tamil Nadu is holding 1,61,290 shares.

This portal [www.gst.gov.in](http://www.gst.gov.in), enables the taxpayers in filing monthly, quarterly and annual return, inward and outward supplies, payment of tax, filing of applications for refund, filing of applications for registration, cancellation and its revocation, facilitating the department to issue show cause notice to return defaulters, communication of demand

raised by the proper officers, filing of appeals and applications for transitional credits. A helpdesk toll-free number 1800-1034786 provides support in 12 languages, including Tamil, from 9.00 AM to 9.00 PM to help the taxpayers.

## **21. Steps taken for 'Ease of doing business'**

The Government is taking various efforts to promote the economy of State by way of inviting new investments, increasing job opportunities and creating industry-friendly atmosphere. The Commercial Taxes Department has its contribution in this, by way of extending the following services:-

1. All services of the Commercial Taxes Department including registration, filing of returns, payment, refunds etc., are digitalized for the benefit of taxpayers.

2. The Department is planning to integrate VAT related online services through

e-biz portal, a portal developed by Government of India.

3. The Commercial Taxes Department has already implemented various reforms which include the abolition of renewals, reduction in number of return filings, elimination of registers etc.,

4. As per the recommendations received from the State Law Commission, action is being taken to repeal the obsolete Acts related to Commercial Taxes Department.

## **22. Traders Welfare Board**

Following the announcement of former Hon'ble Chief Minister, Dr. Kalaignar in the assembly, Tamil Nadu Traders Welfare Board was constituted in the year 1989.

Tamil Nadu Traders Welfare Board was instituted for implementing several welfare schemes for the traders. The corpus fund of

the Board is Rs. 10 crore. As on 15.06.2021, totally 47,299 members have been enrolled in the Tamil Nadu Traders Welfare Board since 1989. This Board implements several welfare schemes for the traders viz., family assistance, medical assistance, fire accident assistance and educational assistance to the wards of members for having secured high marks, etc. Till now, welfare assistance has been given to 8,873 members to the tune of Rs.305.73 lakh.

The 'online' facility for the registration of membership to the Board both in Tamil or English has been introduced from 16.06.2021 by the Minister of Commercial Taxes and Registration. The Government have waived the membership application fee of Rs.500/- for three months commencing from 15.07.2021 to 14.10.2021 for small dealers registered under GST Act but having a threshold limit of less than Rs.40 lakh per

annum and also for all small dealers and traders who are not registered under the GST Act and having turnover of less than Rs.40 lakh per annum.

Due to the special efforts taken by the new Government, from 16.06.2021 to 25.08.2021, more than 16,000 traders have applied for enrollment in the Traders Welfare Board.

## **23. e-Governance**

### **23.1.Implementation of Total Solution Project**

The salient features of the Project are:

- 1) Improving service delivery for the dealers by
  - a) Providing 24x7 access to Services
  - b) Reducing the service turn around time and thereby, minimising physical interaction
  - c) arranging more number of service delivery channels

- d) ensuring transparency in delivery of services
- 2) Providing support to increase the revenue collection by
- a) Decision making in core tax processes through the assistance of system
  - b) Ensuring more Government to Government (G2G) participation
  - c) Simplifying the procedures and reducing activities of the Department, which are time consuming and not contributing any value addition.
  - d) Improving analytics and reporting structure and providing business intelligence to assist decision making using systems.
- 3) In addition, the taxpayers are provided various online services through the portal <https://ctd.tn.gov.in>, as detailed below:-
- a) Filing of monthly returns

- b) E-payment of taxes in both online and offline modes
- c) Process relating to assessment and recovery
- d) Filing of Form –W for the purpose of refund
- e) Online generation of statutory forms including 'C' and 'F' Forms

4) At present, the facility to pay the taxes through online mode is available in 31 Banks with the authorization of Reserve Bank of India. Further, the offline payment facility is also extended at Bank counters in 11 Banks. After the implementation of Goods and Services Tax, these online services are being provided only to the dealers dealing with Non-GST goods.

### **23.2. Provision of other online services**

The department provides the following facilities/services through the website

<https://ctd.tn.gov.in>, for the benefit of taxpayers and others.

- (i) Acts and Rules, Forms, Circulars, Clarifications, Government Orders and Notifications issued.
- (ii) Provision of facility to view dealer payment history and profile (Dealer's Ledger).
- (iii) Facility to find the tax rate and schedule details relating to commodities is provided online
- (iv) Facility to view the details of taxpayer using their TIN or Name of the tax payer is provided online.

### **23.3. Availability of intranet assistance to the Department**

- (i) The dealer-related processes in the assessment circles are handled by means of software

with a work flow system.

- (ii) The provision of Digital Signature Certificate has been made available to all the officers in the assessment circle from Deputy Commercial Tax Officer cadre and above to generate digitally signed TIN Registration Certificate and all other dealer-related works.
- (iii) The process of assessment of dealers is completely performed online.
- (iv) Availability of various statistical reports through online mode.
- (v) Facility to generate tax revenue reports for online and offline payment of taxes through system.

### **23.4. Registration of new taxpayers through the GST portal**

Registration of new taxpayers is being done through the GST portal. The taxpayers can apply for registration without visiting the offices. So far, about 2.88 lakh taxpayers of our State have got their GSTIN Registration through the GST portal. About 10.88 lakh taxpayers in Tamil Nadu are active in the GST portal and availing the e-services provided through the portal. Out of this, 6.53 lakh taxpayers have been allotted to State jurisdiction and 4.35 lakh taxpayers have been allotted to Centre jurisdiction.

### **23.5. GST Return filing**

Even though the returns under the GST are filed in GSTN, the same is being brought into Department's back office through API provided by GSTN. At an average of 5.74 lakh taxpayers per month are filing GSTR-3B with the payment of tax.

### **23.6. Collection of Taxes**

An average of Rs.3,900 crore is being collected every month as Non-GST tax collection through the Department's portal. An average of Rs.2,300 crore per month is also being collected as SGST from the Taxpayers, through the GST portal. Besides, an average of Rs.1,200 crore is being received as IGST per month.

### **23.7. Modules rolled out**

The Registration, Returns, Payment, Refund and Appellate modules have been rolled out successfully through the Back Office Portal.

### **23.8 Refund Disposal to Taxpayers**

Online single disbursal refund is being implemented across the nation, so that the refund amount is directly credited into the taxpayer account. The processes involved

have been successfully integrated in the back office system.

### **23.9. Statistical Analytics Tool**

A Statistical Analytical Tool (SAS) was developed by the department for identifying tax evasion. The transitional credit verification was done with the help of this tool. Many analytical reports were generated with this tool for the help of tax officials to find out possible tax evasion.

Considering the increase in the number of taxpayers and increase in transaction data, it was decided to upgrade the SAS Fraud framework. Based on the decision taken and approval of the Empowered Committee, the Government have accorded the sanction of Rs.14.13 crore for the upgradation of SAS Fraud Framework license and Hardware upgradation and the work has been completed. This upgradation will help

the Department in identifying more tax evasion cases.

### **23.10. Extension of Total Solution Project**

The contract period for the Total Solution Project with the System Integrator expired by January, 2021. The contract with the System Integrator has been extended for one year till January, 2022 based on the decision taken by the State Level Empowered Committee, with a total contract value of Rs.34.43 crore.

As the field level hardware items i.e. Desktops, Laptops and Printers procured under Total Solution Project have aged about seven years, they are being replaced with new hardware procured through ELCOT at a cost of Rs.45.83 crore, based on the decision taken by the Empowered Committee.

### **23.11. Data Retrieval Lab**

A Data Retrieval Lab is functioning for detection of IT-enabled evasion and trade malpractices by processing the data collected from the place of business of tax payers, which have been secretly stored in various electronic storage devices so as to unearth any transaction, which is not disclosed. To facilitate the process, necessary training was also imparted to the officials of the department.

### **24. e-Office functioning in the Office of the Commissioner of Commercial Taxes**

The e-office system has been initiated in the office of the Commissioner of Commercial Taxes to establish a paperless environment, increase efficiency, transparency, employee convenience, accountability, assured data security and integrity. With the implementation of the

e-office system, manual numbering in the Distribution Register has been discontinued and the receipts are numbered through e-office. All the physical files maintained in the office of the Commissioner of Commercial Taxes have been scanned and digitized and are being used in e-office format as e-file.

## **25. Action taken on the petitions under Right to Information Act, 2005**

The petitions received under the Right to Information Act, 2005 from both the general public and mercantile public are dealt within a time bound manner and replies are provided to the applicants in all the cases without any delay. Totally 537 applications have been received during the year 2020 under this Act and relevant information was provided to the applicants. Under this Act, a sum of Rs. 7,855/- has been collected.

## **26. Regional Meetings with Traders and Trade Associations**

After the formation of the new Government in Tamil Nadu, meetings with traders and trade associations were conducted under the chairmanship of Minister of Commercial Taxes and Registration in Madurai, Tirunelveli, Chennai, Vellore, Coimbatore, Salem and Trichy covering all the 11 divisions so as to address the grievances and suggestions put forth by the traders and trade associations.

## **27. Activities to attain the Vision and Mission of Commercial Taxes Department**

Transparent, efficient, impartial and international standard tax administration are the missions of Commercial Taxes Department. All services are carried out electronically to improve efficiency in administration, speed up the completion of

various tasks and to minimize the interaction between the taxpayers and the tax officials.

In order to ensure transparency, from April 2021, a minimal direct interaction system has been introduced on a pilot basis for online processing of applications for new registration. Under this system, electronic applications are allocated randomly to any Tax Officer anywhere in the State for processing. In Intelligence Wing, Investigation files are being prepared in a faceless manner with effect from 01.07.2021. Moreover, the services such as issue of refunds to exporters, field audit performed in the business place of the taxpayer and adjudication orders to taxpayers are proposed in the near future to be performed in a manner that minimizes direct interaction.

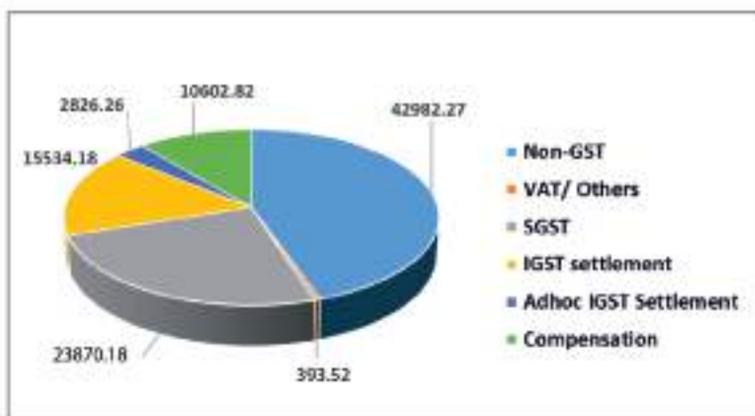
In order to enforce fair compliance in the adjudication process, the inspection

officer and the adjudication officer will be different for a given case. This will enable transparency, speedy disposal of cases and minimise legal disputes by ensuring the principle of natural justice in the adjudication process.

Commercial Taxes Department is continuously striving to achieve its vision and mission through the above mentioned activities and by expeditiously disposing the complaints received.

**P. Moorthy**  
**Minister for Commercial Taxes and**  
**Registration Department**

**COMMERCIAL TAXES DEPARTMENT**  
**Collection of Revenue - Actwise details**  
**for the year 2020-2021 (Rs. in crore)**



<b>Tax detail</b>	<b>Collection (Rs.in crore)</b>
Value Added Tax / Other than Goods and Services Tax (Petrol & Liquor)	42,982.27
Value Added Tax/Tax Arrears	393.52
State Goods and Services Tax	23,870.18
Integrated Goods and Services Tax Settlement	15,534.18
Integrated Goods and Services Tax Advance	2,826.26
GST Compensation	10,602.82
<b>Total</b>	<b>96,209.23</b>



Meeting with the Traders and Trade Associations of Madurai Zone  
Place : Madurai Date :18.06.2021



Meeting with the Traders and Trade Associations of Tirunelveli Zone

Place : Tirunelveli Date : 19.06.2021



Meeting with the Traders and Trade Associations of Chennai Zone  
Place : Chennai Date : 25.06.2021



Meeting with the Traders and Trade Associations of Vellore Zone  
Place : Vellore Date : 01.07.2021



Meeting with the Traders and Trade Associations of  
Coimbatore and Erode Zones

Place : Coimbatore      Date : 12.07.2021



Meeting with the Traders and Trade Associations of Salem Zone

Place : Salem Date : 13.07.2021



Meeting with the Traders and Trade Associations of Trichy Zone  
Place : Trichy Date : 19.07.2021

A Compendium on HSN Code for Goods in Tamil was released  
in this meeting