



GOVERNMENT OF NAGALAND

TAXATION DEPARTMENT

ANNUAL ADMINISTRATIVE REPORT

2016-2017

CHAPTER - 2

COMMISSIONERATE OF TAXES

I. Introduction:

Till attainment of statehood, the Naga Hills District was an administrative unit under the State of Assam. Among others, Sales Tax laws of Assam were extended to the Naga Hills effective from 2-2-1948. However, no records are available as to whether any revenue was collected from the Naga Hills District

The Department of Taxes, Nagaland was established in August 1964, with the appointment of the Commissioner, Nagaland as the ex-officio Commissioner of Taxes vide Government Notification No. SGN.182/63/29 (a) 14.06.63. A full-fledged Commissioner of Taxes was created only on 20th August 1976, with its headquarters at Kohima. In the same year, the head-quarter was shifted down to Dimapur, the commercial hub of the State for better tax administration. A post of Superintendent of Taxes was also created and an officer from the Assam Taxation Service brought on deputation to start the functioning of the department along with skeletal staff

With the establishment of the department, the question of adoption of the existing taxation laws of Assam, as applied to the erstwhile Naga Hills District to the newly formed State by the Nagaland Adoption of Laws Order, 1965, were examined. But due to some confusion the taxation laws of Assam could not be enforced by adoption/modification. Meanwhile, the State Government took a decision to have its own laws which led to the enactment of the following taxation laws:-

1. The Nagaland Sales Tax Act, 1967;
2. The Nagaland Finance (Sales Tax) Act, 1967;
3. The Nagaland (Sales of Petroleum & Petroleum Products, including Motor Spirit and Lubricants) Taxation Act, 1967;
4. The Nagaland Passengers and Goods Taxation Act, 1967; and
5. The Nagaland Professions, Trade, Callings and Employment Taxation Act, 1968.

The above laws could not be implemented immediately even after the assent of the President. It was only after Rules were enacted in respect of each of the Acts in 1970, that all the above Acts, except the Passengers and Goods Taxation Act, were implemented in the State. The revenue collection made during the first year of implementation i.e., 1970-71 stood as under:

(Rsin lakhs)

Year	NST	P. Tax	Amusement Tax	Total
1970-71	14.22	1.42	2.92	18.56

The following are the details of subsequent expansions of the department that took place from time to time till date:-

SL No	Name of the Office	Year established
1	Directorate	1964
2	Superintendent of Taxes, Dimapur	1964
3	Superintendent of Taxes, Kohima	1973
4	Superintendent of Taxes, Mokokchung	1973
5	Superintendent of Taxes ,Tuensang	1973
6	Superintendent of Taxes (Mobile Squad), Dimapur	1976
7	Superintendent of Taxes, Mon	1981
8	Inspector of Taxes, Kiphre	1981
9	Inspector of Taxes, Peren	1981
10	Superintendent of Taxes, Phek	1986
11	Superintendent of Taxes, Wokha	1986
12	Superintendent of Taxes, Zunheboto	1986
13	Zonal Offices, Dimapur, Kohima and Mokokchung	1992
14	Nagaland Taxation Check Posts, New Field Gate, Golaghat Road and Dillai Road, Dimapur	1993
15	Nagaland Taxation Check Post, Tsutapela, Mokokchung	2005
16	Nagaland Taxation Deemed Check Post, Tuli, Mokokchung	2011

2. Organizational set up of the department:

(a) Secretariat:

In the Secretariat, the department is headed by the Minister in-charge of Finance aided by a Parliamentary Secretary for Taxes. The Additional Chief Secretary and Finance Commissioner is the Administrative Head of the Department. He is assisted by the Officer-on-Special Duty (Revenue) and other subordinate officials.

(b) Directorate:

In the Directorate, the Commissioner of Taxes is the head of the department. He exercises overall control and supervision of the entire tax administration. The Commissioner is assisted by two Additional Commissioners and two Joint Commissioners in the directorate. In addition, other officers and staff assist the Commissioner in carrying out the day to day activities at the directorate.

There is a Computer Cell attached to the directorate with one Computer Engineer and one Data Analyst/Computer Operator. The Computer Engineer heads the Cell and ensures its safe and smooth functioning.

(c) Mobile Squad:

The Mobile Squad functions as the Intelligence Wing of the department and is attached to the directorate. Its geographical jurisdiction extends over the entire State. It is headed by a Deputy Commissioner of Taxes. He coordinates and supervises the activities of the officers and staff of the Mobile Squad. The Squad maintains vigil over the business activities of the traders to prevent tax evasion. It also conducts searches and seizures and investigates cases of tax evasion on assignment by Commissioner, as well as on its own initiative, and reports to the Commissioner. The Mobile Squad functions under the direct supervision and control of the Commissioner of Taxes.

(d) Zonal Offices:

The entire State is divided into three Zones for smooth and efficient tax administration. Each zone is headed by a Deputy Commissioner of Taxes. The jurisdiction of the respective Zonal Deputy Commissioner of Taxes is as under:-

Sl. No.	Name of the Zone	Jurisdiction	Remarks
1	Dimapur Zone	Dimapur, Mon and Peren Districts	Dimapur District is divided into six Wards, each headed by a Superintendent of Taxes.
2	Kohima Zone	Kohima, Phek and Wokha Districts	Kohima District is divided into three Wards, each headed by a Superintendent of Taxes.
3	Mokokchung Zone	Mokokchung, Kiphire, Longleng, Tuensang and Zunheboto Districts	Mokokchung District is divided into two Wards, each headed by a Superintendent of Taxes.

(e) District offices:

All the District Tax Offices function under the supervision of the Zonal Deputy Commissioner of Taxes. The District Tax Offices are headed by a Superintendent of Taxes. Dealers register their business and file tax returns at the District Tax Office. Tax is directly deposited in the respective head of account by the tax payers through the District Treasury Office.

(f) Nagaland Taxation Check Gates:

The Department has set up Check Gates at four strategic entry points namely Tsutapela and Tuli in Mokokchung, Dillai and New Field Gate in Dimapur with a view to prevent evasion of tax. These Check Gates monitor the movement of taxable goods both into and out of the State. The Nagaland Taxation Check Gates at Dillai Road and Golaghat Road, Dimapur, function under the control of the Deputy Commissioner of Taxes, Mobile Squad. The Check Gates at Tuli and Tsutapela function under the direct control and supervision of the Deputy Commissioner of Taxes, Mokokchung Zone.

(g) Auditors for Audit Assessment:

Sl. No.	Unit
1	Joint Commissioner of Taxes –I, Nagaland, Dimapur
2	Joint Commissioner of Taxes –II, Nagaland, Dimapur
3	Deputy Commissioner of Taxes, Dimapur Zone, Dimapur
4	Deputy Commissioner of Taxes, Mokokchung Zone, Mokokchung
5	Deputy Commissioner of Taxes, Kohima Zone, Kohima
6	Superintendent of Taxes, Dimapur, Ward-A
7	Superintendent of Taxes, Dimapur, Ward-B
8	Superintendent of Taxes, Dimapur, Ward-C
9	Superintendent of Taxes, Dimapur, Ward-D
10	Superintendent of Taxes, Dimapur, Ward-E
11	Superintendent of Taxes, Dimapur, Ward-F
12	Superintendent of Taxes, Kohima, Ward-A
13	Superintendent of Taxes, Kohima, Ward-B
14	Superintendent of Taxes, Kohima, Ward-C
15	Superintendent of Taxes, Mokokchung, Ward-A
16	Superintendent of Taxes, Mokokchung, Ward-B
17	Superintendent of Taxes, Tuensang
18	Superintendent of Taxes, Mon
19	Superintendent of Taxes, Wokha
20	Superintendent of Taxes, Phek
21	Superintendent of Taxes, Zunheboto

3. Right to Information Act:

The following are the name, designation and other particulars of the Public Information Officers in the department:-

Sl. No.	Name of PIOs	Designation	Jurisdiction	Appellate Authority
1	Shri C Lima Imsong	Deputy Commr. of Taxes, HQ	Directorate	Commissioner of Taxes
2	Shri Imosong Imsong	Deputy Commr. of Taxes	Dimapur and Peren	Commissioner of Taxes
3	Smti Areni Patton	Deputy Commr. of Taxes	Kohima	Commissioner of Taxes
4	Smti Lirila Sangtam	Deputy Commr. of Taxes	Mokokchung	Commissioner of Taxes
5	Shri Atener Aier	Supdt. of Taxes	Wokha	Commissioner of Taxes
6	Shri Chingtuk Phom	Supdt. of Taxes	Phek	Commissioner of Taxes
7	Shri Toshi Yimjunger	Supdt. of Taxes	Mon	Commissioner of Taxes
8	Shri Jimyang Imlong	Supdt. of Taxes	Zunheboto	Commissioner of Taxes
9	Shri M.Khiamniungan	Supdt. of Taxes	Tuensang, Kiphire&Longleng	Commissioner of Taxes

4. Incumbency list of head of department from beginning till date indicating period:

Sl. No.	Name	From	To
1	L. Lungalang, IFAS	Aug. '64	14.12.71
2	S.C. Dev, IAS	15.12.71	8.9.76
3	R. Ezung, IAS	9.9.76	10.10.77
4	Binod Kumar, IAS	11.10.77	8.4.78
5	A. ImkongmarAier, IAS	15.4.78	24.4.81
6	S. Lima Aier, IAS	25.4.81	28.2.83
7	A.H. Zhimomi, NCS	1.3.83	31.7.85
8	ToshiAier, IAS	1.8.85	3.9.85
9	Lalthara, IAS	4.9.85	8.7.86
10	S. Lima Aier, IAS	9.7.86	31.7.87
11	I.K. Changkija, IAS	11.10.88	6.11.89

12	Khriezohu, IAS	18.11.89	8.6.90
13	H.K. Khullu, IAS	13.6.90	24.8.90
14	M. Hangsingh, IAS	24.8.90	3.9.93
15	Pankaj Kumar, IAS	8.11.93	1.8.94
16	D.K. Bhalla, IAS	12.12.94	20.3.95
17	J. Noklang Ao, NTS	21.3.95	31.7.96
18	R.O. Ovung, NTS	1.8.96	31.8.2000
19	Sanjay Kumar, IAS	2.9.2000	16.4.03
20	V. Hekali Zhimomi, IAS	17.4.2003	4.6.04
21	Paolal Hangsingh, IAS	5.6.04	31.12.07
22	B. Thawang Konyak IAS	2.1.08	9.6.08
23	M. Patton, IAS	9.5.08	31-7-11
24	Dinesh Kumar, IAS	1-8-11	07-12-2012
25	Asangba Chuba Ao, IAS	14-12-2012	Till date

5. Existing No. of employees in all grades - Directorate and all field establishments:

Sl. No.	Grades	No. of filled posts
	Directorate:	
1.	Commissioner of Taxes (IAS cadre)	1
2.	Addl. Commissioner of Taxes	2
3.	Joint Commissioner of Taxes	2
4	Deputy Commissioner of Taxes(HQ)	1
5	Registrar	0
6.	Stenographer Sr.Grade II	1
7.	Office Superintendent	0
8.	Computer Engineer	1
9.	Assistant Office Superintendent/Account Officer	0
10.	Steno. Grade-III	3
11.	UDA(Directorate)	3
12.	LDA (Directorate)	7
13.	Analyst	1
14.	Typist	3
15.	Driver	7
16.	Duftry	1
17.	Peon	7
18.	Chowkidar	1

19.	Sweeper	1
	Zonal & District Offices	
20	Deputy Commissioner of Taxes	4
21.	Superintendent. of Taxes	17
22.	Inspector of Taxes	40
23.	Head Assistants	8
24.	UDA	21
25.	LDA	48
26.	Typist	10
27.	Driver	19
28.	Checker	24
29.	Peon	42
30.	Chowkidar	8
31.	Sweeper	9
32.	Mali	1
	Total:	293

6. Nature and areas of activities of the Department:

The Department's roles and activities are quasi-judicial in nature. It ensures registration, payment of taxes and filing of tax returns by all liable dealers. It conducts scrutiny of the tax returns filed by the dealers and conducts audit assessment on the basis of parameters set under the tax laws. Normal and show cause notices are issued to the dealers depending on the nature of the case to ensure tax compliance by all concerned. The department also keeps strict vigil over the entire business activities of the tax payers and takes remedial measures under the tax laws to prevent evasion and avoidance of tax by unscrupulous tax payers. It also extends tax assistance to tax payers in matters of registration, filing of tax returns etc. to comply with the provisions of the tax laws. The department also compiles reports of sales tax revenue deposited by tax payers and submits them to the Government at regular intervals.

7. Acts and Rules being implemented by the department:

The Department administers the following taxation laws:-

- (i) The Nagaland (Sales of Petroleum & Petroleum products including Motor spirit and lubricants) Taxation Act 1967 and Rules as amended from time to time;
- (ii) The Nagaland Professions Trades, Calling and Employment Taxation Act 1968 and Rules as amended from time to time;
- (iii) The Nagaland Amusement Tax Act 1965 and Rules as amended from time to time;
- (iv) The Nagaland Value Added Tax Act 2005 and Rules as amended from time to time;
- (v) The Nagaland Entry Tax Act, 2013, and
- (vi) The Central Sales Tax Act 1956 and Rules as amended from time to time.

8. Revenue collection statement for the last seven years (in Rs lakhs):

Sl. No.	Year	Particulars						Total
		P/Tax	VAT	Pet. Tax	CST	A/Tax	Entry tax	
1.	2010-11	2447.05	12018.56	4159.02	543.83	0.18	NA	19168.64
2.	2011-12	2693.56	17300.48	5248.45	556.75	36.97	NA	25836.21
3.	2012-13	2720.35	19349.51	5887.75	483.51	113.78	NA	28554.90
4.	2013-14	2830.15	17651.84	6752.02	482.23	192.01	NA	27908.25
5.	2014-15	2805.83	21167.49	7710.43	540.94	276.74	0.00	32501.43
6	2015-16	2964.83	24446.90	7774.51	636.67	309.17	587.50	36719.57
7	2016-17	2143.64	20066.55	6819.68	426.33	281.20	326.75	30064.15

Note: * Figures for 2016-17 are up to December 2016 only.

* Revenue target for 2016-17 is **Rs.44180.00 lakhs**

9. Total no. of registered dealers as on 31-12-2016:

Sl. No	District	VAT	CST	Pet. Tax	Amusement Tax	Entry Tax	Prof Tax	Total
1	Dimapur	4536	3782	75	10	20	4621	13044
2	Kohima	1235	1102	12	0	0	1247	3596
3	Mokokchung	271	193	8	0	0	279	751
4	Tuensang	85	43	5	0	0	90	223
5	Mon	104	81	8	0	0	112	305
6	Phek	64	16	2	0	0	66	148
7	Wokha	74	50	6	0	1	80	211
8	Zunheboto	77	41	7	0	0	84	209
9	Peren	31	23	0	0	0	31	85
10	Kiphire	53	5	1	0	0	54	113
11	Longleng	24	1	1	0	0	25	51
	Total:	6554	5337	125	10	21	6689	18736

10. Receipts and expenditure of the department during the last five years:-

(A). Receipt:(i) (Non Plan)

(Rs in lakhs)

Sl. No.	Source of receipt	2012-13	2013-14	2014-15	2015-16	2016-17
1	Staff salaries	772.11	805.59	919.06	1084.40	1100.24
2	Wages of W/C staff	1.80	1.80	1.80	1.80	2.52
3	Others	95.65	95.65	94.65	167.45	185.65
	Total:	869.56	903.04	1015.51	1253.65	1288.41

(ii) Receipt (Plan)**(Rs in lakhs)**

Sl. No.	Source of receipt	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Construction works	538.00	200.00	250.00	200.00	356.00
2.	MMP-CT	95.60	126.67	Nil	6.34	Nil
	Total:	633.60	326.67	250.00	206.34	356.00

(B). Expenditure:**(i) Non-Plan****(Rs in lakhs)**

Sl. No.	Nature of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
1	Staff salaries	579.28	714.32	835.12	1018.56	886.46
2	Wages of W/C staff	1.89	1.50	1.84	2.52	2.02
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc	-	-	-	-	-
5	Others	59.22	70.29	73.60	242.08	140.20
	Total Non-Plan:	640.39	786.11	910.56	1263.16	1028.68

Expenditure upto December 2016.

(ii) Plan**(Rs in lakhs)**

Sl. No.	Nature of expenditure	2012-13	2013-14	2014-15	2015-16	2016-17
1	Staff salaries	-	-	-	-	-
2	Wages of W/C Staff	-	-	-	-	-
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc.	-	-	-	-	-
5	Construction Works	389.40	-	250.00	200.00	197.00
6	MMPCT/Others		126.67	-	6.34	Nil
	Total Plan:	633.00	126.67	250.00	206.34	197.00

* Figures for 2016-17 are up to December 2016 only

11. Details of plans and activities of the department for the ensuing year indicating and target proposed to be achieved indicating financial outlays for major projects:

(a) District-wise Revenue Target for 2016-17(Rs in lakhs):

Sl. No.	District	Revenue collected during 2015-16	Target for 2016-2017
1	Dimapur	24796.31	31264.27
2	Kohima	8737.59	9784.85
3	Mokokchung	1016.22	1205.14
4	Mon	290.26	314.51
5	Phek	208.33	232.35
6	Tuensang	290.39	322.94
7	Wokha	257.46	305.47
8	Peren	128.17	151.79
9	Zunheboto	347.17	380.29
10	Kiphre	103.31	124.92
11	Longleng	73.25	93.46
12	Book transfer from AG	471.11	-
	Grand total:	36719.57	44180.00

(b) New Initiatives during the current financial year:

- i. **Revenue:** The department had streamlined the various tax services such as issuance of various statutory forms returns and payment process etc. This has significantly empowered and facilitated the taxpayers towards better tax compliance. As a result, the overall Revenue collection during the period ending 31.12.2016 has increased to Rs300.64 crores as against the previous year's collection of Rs219.46 crores during the same period with a growth rate of 37%.
- ii. **E-Services:** During the year, the department has it made mandatory for the taxpayers to file their returns on-line. With this initiative, all the various tax services namely **e-registration, e-CST, e-transit pass, e-return, e-filing of Purchases and Sales invoices, e-Waybills, e-Road Permit are now mandatorily online. Other services such as e-payment, e-TDS, e-Refund, e-Audit, e-Challan, e-SMS, Helpdesk & are already available online** can be accessed through the department's web-portal www.nagalandtax.nic.in. All statutory and Declaration Forms issued by the department can also be verified online through the department web portal.
- iii. **GST Awareness Program to other stakeholders:** In preparation towards smooth implementation of GST in the state, the department has conducted a series of GST awareness programs with the stakeholders- with the business leaders and trade bodies/Organization in September 2016; with the tax practitioners and accountants of the state during the month of October 2016.

iv. Construction works undertaken:

The department has undertaken construction work as under;

- a. Construction of Office Building for Deputy Commissioner of Taxes, Kohima: Completed
- b. Construction of Commissioner of Taxes Residence at Dimapur: Completed
- c. Construction of Security fencing, metalling and black carpeting of approach road at Taxes Colony, Dimapur: Ongoing
- d. Construction of Tax Service Centre at Dimapur: Ongoing
- e. Construction of Tax Service Centre at Mokokchung: Ongoing

v. Other items of interest and relevance to be highlighted for public consumption:

(a) Goods and Services Tax (GST)

The Constitution Amendment Act for Goods and Services Tax (GST) has been enacted after its passage in Parliament and ratification by more than 50 percent of states legislatures. Nagaland Legislative Assembly had in its special session ratified the GST Bill on 26th August 2016. The GST will replace all the indirect taxes levied on goods and services both by the Centre and the States. The tax base under GST will be comprehensive and virtually all goods and services except 5 petroleum products, (crude oil, natural gas, aviation turbine fuel, diesel and petrol) and liquor, will come under this, with minimum exemptions. GST will be a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact tax structure, including incidence of tax, computation of tax, payment of tax, tax compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system.

Salient Features of GST

The salient features of GST are as under:

(i) The GST would be applicable on the supply of goods or services as against the present concept of tax on the manufacture and sale of goods or provision of services. It would be a destination based consumption tax.

(ii) It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States would be called the State GST (SGST).

(iii) The GST would apply to all goods other than alcoholic liquor for human consumption and five petroleum products, viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. It would apply to all services barring a few to be specified.

(iv) Tobacco and tobacco products would be subject to GST.

(v) The GST would replace the following taxes currently levied and collected by the Centre:

- a. Central Excise duty
- b. Duties of Excise (Medicinal and Toilet Preparations)
- c. Additional Duties of Excise (Goods of Special Importance)
- d. Additional Duties of Excise (Textiles and Textile Products)
- e. Additional Duties of Customs (commonly known as CVD)
- f. Special Additional Duty of Customs (SAD)
- g. Service Tax
- h. Central Surcharges and Cesses, so far as they relate to supply of goods and services

(vi) State taxes that would be subsumed under the GST are:

- a. State VAT
- b. Central Sales Tax
- c. Luxury Tax
- d. Entry Tax (all forms)
- e. Entertainment and Amusement Tax (except when levied by the local bodies)
- f. Taxes on advertisements
- g. Purchase Tax
- h. Taxes on lotteries, betting and gambling
- i. State Surcharges and Cesses so far as they relate to supply of goods and services.

(vii) The GST Council has decided to levy a four-tier GST tax structure of 5%, 12%, 18% and 28%, with lower rates for essential items and the highest for luxury and de-merits goods that would also attract an additional cess. The lowest rate of 5% would be for common use items while there would be two standard rates of 12% and 18%.

(viii) The list of exempted goods and services would be common for the Centre and the States which would be finalised by the GST Council.

(ix) An Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Accounts would be settled periodically between the Centre and the States to ensure that the SGST portion of IGST is transferred to the destination State where the goods or services are eventually consumed.

(x) Tax payers shall be allowed to take credit of taxes paid on inputs (input tax credit) and utilize the same for payment of output tax. However, no input tax credit on account of CGST shall be utilized towards payment of SGST and vice versa. The credit of IGST would be permitted to be utilized for payment of IGST, CGST and SGST in that order.

(xi) Exports shall be treated as zero-rated supply. No tax is payable on export of goods or services but credit of the input tax related to the supply shall be admissible to exporters and the same can be claimed as refund by them.

(xii) Import of goods and services would be treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties. The IGST paid shall be available as ITC for payment of taxes on further supplies.

(xiii) The laws, regulations and procedures for levy and collection of CGST and SGST would be harmonized to the extent possible.

GST Council

A GST Council has been constituted comprising the Union Finance Minister (who will be the Chairman of the Council), the Minister of State (Revenue) and the State Finance/Taxation Ministers or any other Minister nominated by the state Government to recommend on:

- (a) the taxes, cesses and surcharges to be subsumed under GST;
- (b) the goods and services that may be subjected to or exempted from the GST;
- (c) the date from which the specified petroleum products would be subject to GST;
- (d) model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply;
- (e) the threshold limit of turnover below which the goods and services may be exempted from GST;
- (f) the rates including floor rates with bands of GST;
- (g) any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster; and
- (h) special provision with respect to the North-East States, J&K, Himachal Pradesh and Uttarakhand.

The mechanism of the GST Council would ensure some degree of harmonization on different aspects of GST between the Centre and the States as well as among States. It is being specifically provided that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

As per the provisions of the Amendment Act, every decision of the GST Council shall be taken by a majority of not less than 3/4th of the weighted votes of the Members present and voting. The vote of the Central Government shall have a weightage of 1/3rd of the votes cast and the votes of all the State Governments taken together shall have a weightage of 2/3rd of the total votes cast in the meeting. One half of the total number of members of the GST Council shall constitute the quorum at its meetings.

The GST Council may decide about the modalities to resolve disputes arising out of its recommendations.

Impact of GST for Nagaland:-

1. **GST will reduce Tax evasion:-** Under the GST regime, there will be seamless chain of Input Tax Credit from manufacturing to the distributors and this facility will be made available only to the registered dealers. Accordingly, the distributors, whole sellers and the retailers will insist on invoices to avail the credit facilities which will help maximizing their profit margin. Therefore under such circumstances, every dealer will willingly declare their business transaction for want of better margins and accordingly disincentives tax evasion.

2. **Proportionate distribution of revenue among the states:-** Under the present tax regime, the manufacturing states get extra amount of tax revenue in the form of CST besides VAT. However, under the GST, every state will get the proportionate amount of tax according to their consumption. Therefore, a purely consuming state like Nagaland will get more revenue in the GST regime.

3. **Support to businesses:-** Tax structure under GST will be equal in all states across the nation. There will be no location bias so far as the tax administration is concerned. Therefore, businesses can be established by everyone with an expectation of equal treatment in implementation of tax policies.

How will GST benefit the common man?

- i. Prices of goods, in general is likely to fall since cost of production will go down and tax on tax will be done away with.
- ii. It is estimated that GDP growth is likely to be boosted by as much as 2% which will have a positive impact on the economy as a whole.
- iii. Goods will arrive much faster since transit time will be drastically cut due to removal of check post barriers. Conversely time taken for our goods to reach other markets will reduce considerably.
- iv. It will make our products more competitive both in the domestic and international market.

Initiatives taken so far for smooth transition to GST in Nagaland

The state of Nagaland has taken several initiatives for successful implementation of GST which are as follows:-

1. **Training Programmes & Workshops:** (a) The department on its own initiative has conducted workshops on general awareness about GST with all level of stakeholders such as: departmental officers, departmental staff, legal practitioners, trade and industry bodies and dealers.(b) Department had deputed 3 officers as Masters Trainers to Kolkata and their services were effectively utilized for Trainers' Training to the officers of both CBEC and State Commercial Taxes from the NE states where 10 officers from the state of Nagaland were trained as Trainers at Shillong. Utilizing the services of Trainers along with the Master Trainers, officers of both states and CBEC from Nagaland and Manipur were trained in October 2016. (c) 14 officers were deputed for Masters Training Programme on Goods and Service Tax Network (GSTN) at Mahendra City, Infosys Chennai from 16th to 18th February 2017. The state level training for officers and Staff as well as other stakeholders have been planned subsequently.
2. **Enrollment/Migration of VAT dealers to GST Regime:** As a run up to smooth transition of GST, the department has trained its officials to help facilitate the

taxpayers to enroll/migrate to GST. The department has started the enrollment process of our taxpayers to GST w.e.f. November 30, 2016. As of now, the department has already enrolled around 50% of the taxpayers and is expected to complete the enrollment process by March 15, 2017.

3. **Internet Connectivity:** The Department of IT &C has been requested to provide all necessary support for seamless transmission of data through the SWAN to all offices in the state. BSNL and other internet service providers have also been requested to ramp up their connectivity services.
4. **Hardware requirements:** The necessary basic hardware (computer peripherals) support for smooth implementation is in the process of procurement and will be in place well in time for GST.
5. **Engagement of Consultants:** The state has engaged Pricewaterhouse Coopers (PwC) as State Project Management Unit to outline the current state of the Taxation Department in Nagaland, to verify the attainment of GST readiness in the State, and to recommend Change Management to aid adoption to new GSTN protocols. The Project Phases are three-fold, incorporating Strategy, Assessment, and Design-coupled with an Exit Management Strategy. These Phases will incorporate a variety of Tasks under the tags- Assessment, Implementation, and Finalization. The Project is estimated to have a duration of 52 weeks with Monthly Assessment Reports to be delivered to Taxation Department by the onsite Consultants every 4 weeks or at month's end- whichever is sooner.

(b) Tax Deducted at Source:

Drawing and Disbursing Officers of all departments are to ensure proper deduction and deposit of TDS on account of works contract and supplies/purchases executed by them. They should also deduct and deposit professional tax from the employees serving in their establishments.

(c) Taxable threshold under VAT:

Dealers whose gross turnover exceeds 3 lakhs in a financial year are liable for registration under VAT and must possess valid Tax payers Identification Number (TIN).

(d) Issue of Cash memos/Invoices:

Consumers should insist on issuance of cash memos/invoices from the traders on every purchase of taxable goods to ensure that the taxes paid by them are properly accounted by the dealer for payment into the account of the State Exchequer.

(e) Dealers Facilitation Centres: The department has also authorized 4 Dealers Facilitation Centres (DFCs) at Dimapur, 3 at Kohima and 1 each at Wokha and Mon to facilitate and support the taxpayers and citizens to avail the e-services offered by the department.