

## 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 20<sup>th</sup> 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:

(Rs in 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:-

<b>SL No</b>	<b>Name of the Office</b>	<b>Year established</b>
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, Kiphire	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, Zubza, Kohima	2003
16	Nagaland Taxation Check Post, Tsutapela, Mokokchung	2005
17	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 Principal 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 five strategic entry points namely Zubza in Kohima, 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:**

<b>Sl. No.</b>	<b>Unit</b>
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, Kohima, Ward-A
11	Superintendent of Taxes, Kohima, Ward-B
12	Superintendent of Taxes, Mokokchung, Ward-A
13	Superintendent of Taxes, Mokokchung, Ward-B
14	Superintendent of Taxes, Tuensang
15	Superintendent of Taxes, Mon
16	Superintendent of Taxes, Wokha
17	Superintendent of Taxes, Phek
18	Superintendent of Taxes, Zunheboto
19	Superintendent of Taxes, Dimapur, Ward-E
20	Superintendent of Taxes, Dimapur, Ward-F
21	Superintendent of Taxes, Kohima, Ward-C

### 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	Smti Imtilemla	Deputy Commr. of Taxes	Dimapur and Peren	Commissioner of Taxes
3	Smti Areni Patton	Deputy Commr. of Taxes	Kohima	Commissioner of Taxes
4	Shri Imosong Imsong	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. Khamniungan	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. Imkongmar Aier, 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	Toshi Aier, 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
	<b>Directorate:</b>	
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 Grade I	1
7.	Office Superintendent	1
8.	Computer Engineer	1
9.	Assistant Superintendent	2
10.	Steno. Grade-III	2
11.	UDA	3
12.	LDA (Directorate)	6
13.	Analyst	1
14.	Typist	3
15.	Driver	7
16.	Duftry	1
17.	Peon	7
18.	Chowkidar	1
19.	Sweeper	1

	<b>Zonal &amp; District Offices</b>	
20	Deputy Commissioner of Taxes	4
21.	Superintendent. of Taxes	17
22.	Inspector of Taxes	41
23.	Head Assistants	8
24.	UDA	20
25.	LDA	46
26.	Typist	10
27.	Driver	19
28.	Checker	23
29.	Peon	47
30.	Chowkidar	7
31.	Sweeper	8
32.	Mali	1
<b>Total:</b>		<b>294</b>

#### **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.	2009-10	2234.45	9870.35	2808.90	536.06	0.29	NA	<b>15450.05</b>
2.	2010-11	2447.05	12018.56	4159.02	543.83	0.18	NA	<b>19168.64</b>
3.	2011-12	2693.56	17300.48	5248.45	556.75	36.97	NA	<b>25836.21</b>
4.	2012-13	2720.35	19349.51	5887.75	483.51	113.78	NA	<b>28554.90</b>
5.	2013-14	2830.15	17651.84	6752.02	482.23	192.01	NA	<b>27908.25</b>
6.	2014-15	2805.83	21167.49	7710.43	540.94	276.74	0.00	<b>32501.43</b>
7.	2015-16	2093.60	13818.11	5077.25	424.70	220.65	284.7	<b>21919.05</b>

**Note:** \* Figures for 2015-16 are up to December 2015 only.

\* Revenue target for 2015-16 is Rs. **37174.76** lakhs

**9. Total no. of registered dealers as on 31-01-2016:**

Sl. No	District	VAT	CST	Pet. Tax	Amusement Tax	Entry Tax	Prof Tax	Total
1	Dimapur	4036	3275	59	8	2	4036	<b>11416</b>
2	Kohima	1152	1003	12	0	0	1152	<b>3319</b>
3	Mokokchung	257	178	6	0	0	257	<b>698</b>
4	Tuensang	78	34	4	0	0	78	<b>194</b>
5	Mon	88	65	7	0	0	88	<b>248</b>
6	Phek	61	12	2	0	0	61	<b>136</b>
7	Wokha	72	48	6	0	1	72	<b>199</b>
8	Zunheboto	85	37	7	0	0	85	<b>214</b>
9	Peren	26	18	0	0	0	26	<b>70</b>
10	Kiphire	52	4	1	0	0	52	<b>109</b>
11	Longleng	24	1	1	0	0	24	<b>50</b>
	<b>Total:</b>	<b>5931</b>	<b>4675</b>	<b>105</b>	<b>8</b>	<b>3</b>	<b>5931</b>	<b>16653</b>

**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	2011-12	2012-13	2013-14	2014-15	2015-16
1	Staff salaries	719.97	772.11	805.59	919.06	1084.40
2	Wages of W/C staff	2.76	1.80	1.80	1.80	1.80
3	Others	121.43	95.65	95.65	94.65	167.45
	<b>Total:</b>	<b>844.16</b>	<b>869.56</b>	<b>903.04</b>	<b>1015.51</b>	<b>1251.90</b>



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

Sl. No.	Source of receipt	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Construction works	340.00	538.00	200.00	250.00	200.00
2.	MMP-CT	187.38	95.60	126.67	Nil	Nil
	<b>Total:</b>	<b>527.38</b>	<b>633.60</b>	<b>326.67</b>	<b>250.00</b>	<b>200.00</b>

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

Sl. No.	Nature of expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
1	Staff salaries	717.57	579.28	714.32	835.12	823.80
2	Wages of W/C staff	3.02	1.89	1.50	1.84	2.31
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc	-	-	-	-	-
5	Others	121.26	59.22	70.29	73.60	79.20
	<b>Total Non-Plan:</b>	<b>841.85</b>	<b>640.39</b>	<b>786.11</b>	<b>910.56</b>	<b>905.31</b>

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

Sl. No.	Nature of expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
1	Staff salaries	-	-	-	-	-
2	Wages of W/C Staff	-	-	-	-	-
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc.	-	-	-	-	-
5	Construction Works	104.51	389.40	-	250.00	-
6	MMPCT/Others	340.0	243.6	126.67	-	-
	<b>Total Plan:</b>	<b>444.51</b>	<b>633.00</b>	<b>126.67</b>	<b>250.00</b>	<b>-</b>

\* Figures for 2015-16 are up to December 2015 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 2015-16 (` in Rs lakhs):**

Sl. No.	District	Revenue collected during 2014-15	Target for 2015-2016
1	Dimapur	20119.46	23321.18
2	Kohima	8085.59	9738.77
3	Mokokchung	1115.09	1489.59
4	Mon	260.70	401.94
5	Phek	209.34	344.61
6	Tuensang	244.17	380.76
7	Wokha	215.19	346.10
8	Peren	202.05	305.06
9	Zunheboto	347.93	464.78
10	Kiphre	78.19	196.88
11	Longleng	67.17	185.10
12	Book transfer from AG	1556.55	
	<b>Grand total:</b>	<b>32501.43</b>	<b>37174.76</b>

**(b) New initiatives undertaken during the current financial year:**

**i. Revenue**

- Amendment of VAT schedules: The floor rates of Value Added Tax have been increased from the existing 4.75% for basic goods and works contract to 5% and the existing rate of 13.25% for general goods to 14.5% in line with the rates fixed by other states in the country.
- To discourage its use, the VAT on tobacco and tobacco products has been raised from the existing 18% to 25 % since Nagaland is at present ranked the second highest in the consumption of tobacco in the country, with an estimated 57% of the population being tobacco users.
- In line with our move to achieve uniformity of base rates with the rest of the country, the concessional rate of 4.75% under VAT on sales to and by Canteen Stores Department (CSD) of the armed forces has been raised to 5 %.
- To align tax rates on petroleum products with the rest of the country, the base tax rate has been increased from 4.75% to 5 %.
- Under Amusement Tax on cable and DTH subscribers, the rate of tax has been increased from the existing Rs 20 per subscriber per month to Rs 25 per subscriber per month.

- Shifting of focus to scrutiny of information available online using Taxsoft. Data uploaded into the system for statutory forms such as VAT-23, VAT-24, CST form C and CST form F was used extensively to monitor transactions of dealers. This was possible since mandatory online issuance of these forms was initiated since October 1 2013. This has resulted in a substantial increase in revenue from VAT collection from the market in the current year.( 45% increase over 2014-15 upto December)
- Compulsory cross verification of tax payment position before online approval of statutory forms by the assessing authority has resulted in stoppage of random issuance and thus checking tax evasion.
- Strict implementation of the Nagaland Entry Tax Act after coordination meeting with the Transport Department.
- Strict implementation of amended provisions under The Nagaland (Sales of Petroleum & Petroleum Products, including Motor Spirit and Lubricants) Taxation Act, 1967 especially at the check gate has ensured prevention of tax evasion in this sector.
- Monitoring TDS deposits by implementing department/agencies with special reference to Flag Ships Programs/CSS. In this regard letters have been written to all HoD's with a request to monitor all payments where taxes are to be deducted. They have also been reminded about the penal provisions for failing to do so.
- Special drive to ensure filing of tax returns and payment of tax on time by all before 31<sup>st</sup> March 2016.

**ii. E-Services:**

A total of 14 e-Services namely - **e-registration, e-payment, e-CST, e-transit pass, e-return, e-filing of Purchases and Sales invoices, e-Waybill, e-TDS, e-Refund , e-Audit,e-Challan,e-SMS,Helpdesk & e-Road Permit** can be accessed through the department's web-portal **www.nagalandtax.nic.in**. Facility has also been incorporated in the e-services for verification of CST forms and waybills which have been issued either online or offline.

A total of 163 computers were procured and installed in all the Taxes offices across the state. The Commissioner's office has been connected to the Nagaland SWAN and all the unit/district offices are also connected with internet.

Achievements under e-Services are as under:

	<b>Name of the e-Service</b>	<b>Achievements</b>
<b>1</b>	e- Registration	10723 dealers registered
<b>2</b>	e>Returns	5610 e-returns filed
<b>3</b>	e-Payment	Revenue collection of Rs. 298.48 Crores
<b>4</b>	e-Waybill	139250 VAT 23-inward challan issued, 14574 VAT 24 outward challan issued
<b>5</b>	e-CST	58314 CST C Form issued, 2906 CST F Form issued

These e-services will empower the taxpayers and the citizens to avail easy and transparent process for registration, filing of tax returns, payment of taxes, paperless application and issuance of waybills and statutory forms, status tracking of transactions, better proximity to tax services and real time information about the tax rates and calculation of taxes and discharge their tax obligations in the safe comfort of their home/offices at any time.

**iii. Capacity building of Stakeholders:**

To encourage the taxpayers and the citizens to use the e-services, the department has conducted Dealers' awareness through direct contact programmes and through seminars conducted from time to time. Sensitization on usage of Tax-soft was conducted at all unit level offices in all the districts. Such tax awareness and sensitization programs are on the anvil in the coming months covering all the units to encourage all the stake holders to avail all e-services offered by the department which is being delivered faster and in the most efficient and transparent manner. The department has a newly inaugurated Training Centre at Dimapur for boosting capacity building and encouraging awareness generation among all stakeholders.

**iv. Construction work undertaken:**

The department has undertaken construction work as under;

- a. Construction of Office Building for Deputy Commissioner of Taxes, Kohima nearing final completion.
- b. Construction of Commissioner of Taxes Residence at Dimapur: Ongoing
- c. Construction of Superintendent of Taxes office at Mon: Completed

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

**(a) Goods and Services Tax (GST)**

Value Added Tax (VAT) is considered to be a major improvement over the earlier sales tax system. The Goods and Services Tax (GST) will be a further significant step towards a comprehensive indirect tax reform in the country. It is pertinent to note that despite the success in the existing State VAT structure, it has certain short comings. For instance, even now several taxes which are in the nature of indirect tax on goods and services such as luxury tax, entertainment tax etc. are yet to be subsumed in the VAT. Moreover, in the present State-level VAT, CENVAT loaded on the goods remains included in the value of goods to be taxed under State VAT, thereby contributing to that extent to the cascading effect on account of CENVAT element. Since any commodity, in general, is produced on the

basis of physical inputs as well as services, there should be integration of VAT on goods with tax on services at the State level as well, and at the same time there should also be removal of cascading effects of service tax.

With GST both the cascading effect of CENVAT and service tax are removed with setoff and a continuous chain of set-off from the original producers up to the retailers level is established. As a result it reduces the burden of all cascading effects.

GST at the Central and at the State level will give relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax and service tax set-off, subsuming several taxes in the GST and phasing out CST. With proper formulation and implementation of GST, there will also be revenue/resource gain for both the Centre and the States and in the process, stimulate voluntary tax compliance by all concerned.

Keeping this overall in view, the then Union Finance Minister in the Central (Budget 2007-2008) announced that GST would be introduced from 1<sup>st</sup> April, 2010. But due to various administrative and legislative issues involved, GST could not be introduced till date. The Constitution (122<sup>nd</sup> Amendment) (GST Bill) has been tabled in parliament and a target date of 1st April 2016 has been set for its implementation. It is presumed that the new law will benefit consumer states such as Nagaland by increasing its revenue. The department is actively preparing to join the rest of the States as and when GST is implemented.

**(b) Mission Mode Project- Commercial Taxes (MMP-CT) under National e-Governance Plan (NeGP):**

E-Governance is a powerful tool to bridge the digital divide amongst entities, be it the Government and citizens, the Government and businesses or the departments within the Government. The Government of India envisaged the NeGP in 2006 with the aim of leveraging the benefits Information and Communication Technology (ICT) tools offer while addressing the issues related to Government service delivery, information access etc.

MMP-CT is one of the 27 MMPs identified by the Government of India as the taxes department is critical from the perspective of being one of the highest revenue generating departments of the States and has significant citizen interface also.

Taking advantage of the opportunity offered by the Government of India, the department in association with NIC, Karnataka and NIC Nagaland had prepared a Detailed Project Report which was forwarded to the Ministry of Finance of the Government of India. The total approved cost of this initiative stands at Rs 635.11 lacs, out of which Rs 571.59 lacs will be funded by GoI and Rs 63.52 lacs shall be borne by the State of Nagaland which is in the pattern of 90:10 cost sharing arrangement.

As part of this project, the department, in collaboration with NIC, Karnataka, has developed a web-based application software named “**Tax-soft**” in order to provide various e-services to the tax payers and citizens. The application has now automated the work flow involved in the following:

Registration	Issuance of Statutory Forms
Returns	Refunds
Electronic Payments	Transfer & Cancellation of Registration
Check Post Operations	Audit and Assessment
Declaration by Dealers of their Purchases & Sales	Declaration by Dealers of their TDS Deductions

The Department has further added the following e-services:

- e-Registration for Petroleum ,Amusement & Entry Tax dealers.
- e-Challan
- e-Road Permit

The Project has been commissioned with effect from the 6th of January 2011 and was to be completed within 31<sup>st</sup> March 2014. The Department has taken significant steps towards implementing this project. M/s Wipro Ltd has been appointed as the Management Consultant for the project with IL&FS as the system integrator. The State Data Center and the Disaster Recovery site have been set up at NIC, Bangalore and NIC, Pune respectively. The Department has also formed the Project e-Mission Team for continuous monitoring and handholding of the project.

The following activities of the project have been completed:

· Current State Assessment	· Identification of Business Process Re-engineering requirements.
· GAP Assessment w.r.t. envisaged scenario.	· Designing the 'To-Be Processes' for post Tax-Soft implementation.
· Identification of site preparation requirements.	· Identification of hardware & networking equipment requirements.
· Identification and initiation of legal changes for delivery of services electronically.	· Identification and communication to BSNL about the connectivity plan and requirements.
· Procurement of leased lines for connecting the offices of the department.	· Procurement of networking equipment.
· Procurement and installation of hardware such as computers, printers, scanners for the department officials.	· Go-live of 14 modules of Tax-Soft application.
Certification and security audit of the software application	Procurement of Airtel 10 Mbps Internet connectivity across the various offices of the Department
Connectivity of Lease Lines in all the district offices and connection through Data-Card where Leased Line is not feasible	Training and Awareness Program for all the Stake-Holders including Dealers of the State.

In the coming months, the following activities will be taken up:

The Department plans to organize more trainings and dealer awareness programs in the coming months
Start of e-payment facility through at least 3 more banks other than existing State Bank of India. The Department is also in the process to empanel more banks for e-payment like ICICI Bank, Axis Bank, IDBI, Bank of Baroda etc.

**(c) 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.

**(d) 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).

**(e) 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.

**(f) 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.