



GOVERNMENT OF NAGALAND

TAXATION DEPARTMENT

ANNUAL ADMINISTRATIVE REPORT

2019-20

CHAPTER - 2

COMMISSIONERATE OF STATE TAXES

I. Introduction:

The Naga Hills District was an administrative unit under the State of Assam prior to Statehood of Nagaland. Accordingly, Sales Tax laws of Assam were extended to the Naga Hills effective from 02.02.1948. However, there are no records available to show 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:

(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:-

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. Currently, the Chief Secretary & Finance Commissioner is the Administrative Head of the Department. He is assisted by the Special Secretary (Finance), the OSD (Revenue) and other subordinate officials.

(b) Directorate:

In the Directorate, the Commissioner of State 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 staffs assist the Commissioner in carrying out the day to day activities.

There is a Computer Cell attached to the directorate with one Programme Officer and one Data Analyst/Computer Operator. The Programme Officer heads the Cell and ensures its effective 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 State 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 State 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 State Taxes. The jurisdiction of the respective Zonal Deputy Commissioner of State 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 State Taxes.
2	Kohima Zone	Kohima, Phek and Wokha Districts	Kohima District is divided into three Wards, each headed by a Superintendent of State Taxes.
3	Mokokchung Zone	Mokokchung, Kiphire, Longleng, Tuensang and Zunheboto Districts	Mokokchung District is divided into two Wards, each headed by a Superintendent of State Taxes.

(e) District offices:

All the District Tax Offices function under the supervision of the Zonal Deputy Commissioner of State Taxes. The District Tax Offices are headed by a Superintendent of State 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.

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 State Taxes, HQ	Directorate	Commissioner of State Taxes
2	ShrilmosongImsong	Deputy Commr. of State Taxes	Dimapur and Peren	Commissioner of State Taxes
3	SmtiAreni Patton	Deputy Commr. of State Taxes	Kohima	Commissioner of State Taxes
4	SmtiLirilaSangtam	Deputy Commr. of State Taxes	Mokokchung	Commissioner of State Taxes
5	ShriAtenerAier	Supdt. of State Taxes	Wokha	Commissioner of State Taxes
6	ShriVekhozoDozo	Supdt. of State Taxes	Phek	Commissioner of State Taxes
7	ShriToshiYimjunger	Supdt. of State Taxes	Mon	Commissioner of State Taxes
8	SmtiChievetsuNyuthe	Supdt. of State Taxes	Zunheboto	Commissioner of State Taxes
9	ShriChingtukPhom	Supdt. of State Taxes	Tuensang, Kiphire&Longleng	Commissioner of State 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	08.09.76
3	R. Ezung, IAS	09.09.76	10.10.77
4	Binod Kumar, IAS	11.10.77	08.04.78
5	A. ImkongmarAier, IAS	15.04.78	24.04.81
6	S. Lima Aier, IAS	25.04.81	28.02.83
7	A.H. Zhimomi, NCS	01.03.83	31.07.85
8	ToshiAier, IAS	01.08.85	03.09.85
9	Lalthara, IAS	04.09.85	08.07.86
10	S. Lima Aier, IAS	09.07.86	31.07.87
11	I.K. Changkija, IAS	11.10.88	06.11.89
12	Khriezohu, IAS	18.11.89	08.06.90
13	H.K. Khullu, IAS	13.06.90	24.08.90
14	M. Hangsingh, IAS	24.08.90	03.09.93
15	Pankaj Kumar, IAS	08.11.93	01.08.94
16	D.K. Bhalla, IAS	12.12.94	20.03.95
17	J. NoklangAo, NTS	21.03.95	31.07.96
18	R.O. Ovung, NTS	01.08.96	31.08.00
19	Sanjay Kumar, IAS	02.09.00	16.04.03
20	V. HekaliZhimomi, IAS	17.04.03	04.06.04
21	PaolalHangsingh, IAS	05.06.04	31.12.07
22	B. ThawangKonyak IAS	02.01.08	09.06.08
23	M. Patton, IAS	09.05.08	31.07.11
24	Dinesh Kumar, IAS	01.08.11	07.12.12
25	AsangbaChubaAo, IAS	14.12.12	21.08.17
26	Y. MhathungMurry, NTS	21.08.17	18.12.17
27	KesonyuYhome, IAS	18.12.17	Till date

5. Existing strength of employees in all grades - Directorate and all field establishments:

Sl. No.	Grades	No. of filled posts
	Directorate:	
1.	Commissioner of State Taxes (IAS cadre)	1
2.	Addl. Commissioner of State Taxes	2

3.	Joint Commissioner of State Taxes	2
4	Deputy Commissioner of State Taxes(HQ)	1
5	Registrar	0
6.	Stenographer Sr.Grade II	1
7.	Office Superintendent	0
8.	Programme Officer	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 State Taxes	4
21.	Superintendent. of State Taxes	17
22.	Inspector of State Taxes	50
23.	Head Assistants	8
24.	UDA	22
25.	LDA	47
26.	Typist	10
27.	Driver	19
28.	Checker	24
29.	Peon	49
30.	Chowkidar	8
31.	Sweeper	9
32.	Mali	1
	Total:	310

6. Nature and areas of activities of the Department:

The Department's role 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 notices 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 Goods and Services Tax Act, 2017 as amended from time to time.

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

Year	Particulars						GST	Total
	P/Tax	VAT	Pet. Tax	CST	A/Tax	Entry tax		
2013-14	2830.15	17651.84	6752.02	482.23	192.01	NA	NA	27908.25

2014-15	2805.83	21167.49	7710.43	540.94	276.74	0.00	NA	32501.43
2015-16	2964.83	24446.90	7774.51	636.67	309.17	587.50	NA	36719.57
2016-17	3028.33	29353.98	9742.39	603.30	377.81	461.48	NA	43567.29
2017-18	3487.95	17917.64	10432.33	404.55	139.09	256.41	18756.82	51394.79
2018-19	4219.58	5991.75	12086.44	590.47	0.00	6.07	46963.59	69857.90
2019-20*	2253.39	2371.42	9381.67	355.21	4.51	1.66	44458.99	58826.85

Note: * Figures for 2019-20 are up to December 2019 only.

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

(A) Receipt:

(i) (Non Development)

(Rs in lakhs)

I. No.	Source of receipt	2015-16	2016-17	2017-18	2018-19	2019-20
1	Staff salaries	1084.40	1100.24	1139.89	1434.12	1456.53
2	Wages of W/C staff	1.80	2.90	3.46	5.62	5.62
3	Others	167.45	363.04	370.62	289.95	212.65
	Total:	1253.65	1466.18	1513.97	1729.69	1674.80

(ii) (Development–StateResources)

(Rs in lakhs)

Sl. No.	Source of receipt	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Construction works	200.00	356.00	150.00	150.00	309.20
2.	MMP-CT	6.34	Nil	Nil	-	-
	Total:	206.34	356.00	150.00	150.00	309.20

(B) Expenditure:

(i) Non-Development

(Rs in lakhs)

Sl. No.	Nature of expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
1	Staff salaries	1018.56	1097.06	1139.89	1358.54	1201.99
2	Wages of W/C staff	2.52	2.98	3.46	5.22	5.53
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc	-	-	-	-	-
5	Others	242.08	359.91	370.62	288.49	109.63
	Total :	1263.16	1459.95	1513.97	1652.25	1317.15

Expenditure upto December 2019.

(ii) Development–State Resources

(Rs in lakhs)

Sl. No.	Nature of expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
1	Staff salaries	-	-	-	-	-
2	Wages of W/C Staff	-	-	-	-	-
3	Grant-in-aid	-	-	-	-	-
4	Scholarships, etc.	-	-	-	-	-
5	Construction Works	200.00	365.00	150.00	150.00	309.20
6	MMPCT/Others	6.34	-	-	-	-
	Total Plan:	206.34	365.00	150.00	150.00	309.20

* Figures for 2019-20 are up to December 2019 only.

10. 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 (Internal) for 2019-20(Rs in lakhs):

Sl. No.	District	Revenue collected during 2018-19	Target for 2019-20
1	Dimapur&Peren	14138.35	46615.30

2	Mon	275.14	617.76
3	Kohima	2548.77	21230.60
4	Wokha	237.85	556.95
5	Phek	289.82	706.86
6	Mokokchung	1486.53	4470.25
7	Tuensang, kiphire, longleng	669.42	1543.68
8	Zunheboto	385.59	817.30
9.	GST	46962.87	
	Book Transfer from all heads including GST	2863.56	
	Total	69857.90	76558.70

(b) New Initiatives during the current financial year:

1. Measures under Goods and Service Tax (GST) in the State.

- The State Tax department has successfully ensured smooth transition to the new tax regime despite huge challenges. The State Taxes department is providing all necessary assistance and help to stakeholders in a mission mode for smooth implementation of GST in the state.
- In order to enhance compliance level of tax payment by Suppliers and those who execute works contract, the Department has rolled out the system of issuing **Tax Clearance Certificate (TCC)**. The tax payers are now obligated to file returns up to date indicating that the tax involved therein has been accounted for.
- A robust platform for exchange of views on the existing systems and the proposed measures on *Enforcement and Refunds* was organized by the Department in collaboration with the Goods & Services Network (GSTN) in October 2019. The Tax payers from across the State converged in Dimapur and their various concerns were shared in the presence of the CEO, GSTN and his team of officials. The department is also conducting dialogue with various stakeholders business and market leaders, trade bodies, tax practitioners and accountants of the state to further facilitate efficient implementation of GST in the state.
- A **new GST Return system** will be introduced from 1st April 2020 to facilitate the Taxpayers. In order to familiarize with the new return system, a Return Offline Tool has been implemented on trial basis on the GST Portal.

2. Revenue: The department had further streamlined the various tax services like issuance of statutory forms, filing of returns and payment process. These services can be accessed anytime from anywhere through the department's web-portal www.nagalandtax.nic.in. It has greatly empowered the taxpayers to conduct better business and facilitate tax compliance. This initiative has completely transformed the entire tax administration and functioning of the department and has significantly contributed to the overall efficiency and productivity and performance of the department.

3. The department is developing application modules for **Professions Tax**. The module shall be incorporated in the department's "taxsoft" so as to facilitate various professionals in the State to get themselves enrolled and to pay their profession tax online.

4. Construction works undertaken:

The department has undertaken construction work as under:-

- a. Repair & Renovation of Staff quarters and security fencing of quarters at Kohima completed on December 2019.
- b. Repair and renovation of Deputy Commissioner of State Taxes office building and repair and renovation of 8 staff quarters and tube well boring at Dimapur completed on December 2019.
- c. Repair and Renovation of 6 staff quarters and construction of office main gate at Deputy Commissioner of State Taxes at Dimapur completed on December 2019.

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

Salient Features of GST

(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/UT 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 had replaced the following taxes:

a. Central Excise duty

b. Service Tax

c. Central Surcharges and Cesses, so far as they relate to supply of goods and services

(vi) State taxes 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 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 the common use items while there are two standard rates of 12% and 18%.

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

(ix) An Integrated GST (IGST) is 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 are 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 is permitted to be utilized for payment of IGST, CGST and SGST in that order.

(xi) Exports are 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 are treated as inter-State supplies and would be subjected to IGST in addition to the applicable customs duties. The IGST paid are available as ITC for payment of taxes on further supplies.

(xiii) The laws, regulations and procedures for levy and collection of CGST and SGST are 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.

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 have strong incentives to declare their business transactions accurately to protect and secure their profit margins and will disincentivize tax evasion.

2. Proportionate distribution of revenue among the states:- Under the VAT 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 uniform 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 is GST benefitting 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. 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.
- iii. In the long run, it will make our products more competitive both in the domestic and international market.