Finance

The State Government has initiated major policy changes and reforms to make the financial administration including tax administration more efficient, transparent and responsive to the needs and aspiration of the people. The important initiatives undertaken since the new Government took over in May, 2011 are:

A. Commercial Taxes

The Directorate of Commercial Taxes under the Finance Department contributes more than 70 per cent of the State Government's Own Tax Revenue (OTR). During the last one year several initiatives have been taken to simplify the rules and procedures and rationalize the tax administration. The citizen and taxpayers have been placed at the centre of ongoing reforms so as to encourage self-compliance. Some of the areas where major changes have been introduced are:

(1) Introduction of a Single Simple Tax Return e-Sahaj

Taxpayers till last year were required to submit three separate returns for three different Acts, namely, the West Bengal Value Added Tax Act, 2003, the West Bengal Sales Tax Act, 1994 and the Central Sales Tax Act, 1956, Each return was very voluminous making it difficult for the dealers, especially small dealers, to file such returns. In order to relieve the taxpayers from the problem of submitting multiple pages three returns, a Single Simple Consolidated e-Return for all three Acts, known as e-Sahaj, has been introduced from this financial year. This would drastically reduce the cost of compliance of dealers in filing of returns. Online filing of returns was introduced in August, 2011 for taxpayers registered under West Bengal Sales Tax, 1994.West Bengal is one of the few States in the country to have made Online Return filing compulsory for all dealers for all the Acts. Online Returns has not only made it easier for the taxpayers to submit returns but has also helped creation of a valuable database for revenue tracking.

(2) Introduction of Digital Signature Certificate (DSC) in Return

Taxpayers filing returns electronically were additionally required to furnish paper return which was an unnecessary duplication of work that increased the cost to the dealers. The State Government has now completely dispensed with the requirement of submission of paper return through introduction of Digitally Signed e-return. Considering that the cost of obtaining Digital Signature Certificate [DSC] might be a burden on the small dealers, a Subsidy Scheme has been introduced in which the Government will bear the cost of DSC for dealers with annual turnover below Rupees two crore. West Bengal is one of the few States in the country which has taken initiative for introduction of Digitally Signed e-returns.

(3) Amnesty Scheme for Registration under VAT

A simplified process of e-registration with Dematerialized Certificate of registration was introduced a few months back dispensing with personal appearance or hearing of the applicant before grant of registration. West Bengal is the only state in the country to have made e-registration mandatory along with introduction of de-materialized Registration Certificate.

In order to give the dealers who have remained unregistered a chance of getting registered, an Amnesty Scheme available upto 31st December, 2012 has been introduced providing the unregistered dealers an opportunity to get registered on payment of only a nominal percentage of their declared taxable turnover. This is an opportunity given to the unregistered dealers to transact their business lawfully.

(4) Simplified Way Bill Generation:

Way Bills are required to import taxable goods in West Bengal from outside the State. At the beginning of 2011-12, electronic Way Bills were generated in two stages: in Part-I and in Part-II. In that system an importer registered dealer of West Bengal had to use the appropriate link in the website of the Commercial Taxes Directorate. The system was cumbersome, time consuming and less user-friendly.

Considering the difficulties of the trade and industry, the Directorate introduced a single document Way Bill system in place of the two part Way Bill. In the current system, a dematerialized Way Bill is generated as a Single Document. The present system is a noticeable improvement over the earlier system being simple and time saving. Government has also recently allowed e-waybill facility to unregistered dealers.

(5) Simplified Audit System

In the recent past, provisions of the VAT Act have been amended to simplify the process of Audit. A taxpayer, who accepts the audit report and deposits the tax, is no longer required to undergo assessment proceedings. This change has also been introduced for those dealers who do not accept the findings of the audit. In such cases also further assessment would not be initiated. The audit report, on expiry of the prescribed time, would automatically be converted into a notice of demand. These statutory changes are expected to reduce the time of completion of audit and assessment process by at least 12 months which will benefit both the taxpayers and the tax administration.

(6) Introduction of Simplified System of Self-Audit by the Taxpayers

Under the existing VAT Act, a registered taxpayer whose annual turnover of sales exceeded Rs. 1.5 Crore was required to submit a copy of Profit and Loss Account and Balance Sheet along with an Audit Report prepared by a Chartered Accountant or Cost Accountant. The audit by professionals or professional agencies entailed huge cost for the small taxpayers. The State has simplified the provision of submission of such Audit by exempting all taxpayers with annual turnover between Rs. 1.5 crore to Rs. 3 crore from submission of such Report. These taxpayers would now have to submit only a "Self-Audited Statement" instead of an audit report. The number of dealers who would get benefit out of these measures would be around 1.48 lakh.

(7) Facility of Deemed Assessment

Deemed Assessment was introduced in 2011-12 through insertion of provision in the West Bengal VAT Act, 2003. By virtue of this provision, a dealer who has filed has return and has paid the requisite tax shall be deemed to have been assessed. This facility has been extended to dealers for the assessment year 2009-10 and 2010-11 by suitable amendment in the West Bengal VAT Act, 2003. All dealers are now getting opportunity to clear their dues, arising out of non-payment of tax, deficit payment of tax or non-production of declaration forms in respect of their inter-State sales by stipulated date to avoid assessment for these two years.

The provision of deemed assessment in respect of dealers having annual turnover of sales was below Rs. 3 crore. This limit has been further enhanced from Rs. 3 crore to Rs. 5 crore.

(8) Quick Disposal of Appeal

A large number of disputed tax cases have piled up over the years in different Tax Appellate Forums. While this led to unnecessary harassment of the litigant public but it also meant locking up of substantial revenue. The State Government has taken initiative for expeditious disposal of appeals so as to clear the entire backlog.

Through suitable amendments, 3000 cases under the West Bengal Sales Tax Act, 1994 and VAT Act, 2003 pending at the West Bengal Revisional and Appellate Board have been transferred to Fast Track Administrative Benches for disposal by 31st December, 2012. The State Government has also provided for formation of Appeal Forums for all appeals with the disputed amount exceeding Rs. 20 lakh. The system of e-filing of appeal petitions will also be introduced within the first quarter of the financial year 2012-13.

(9) Holding of Camps of West Bengal Appellate and Revisional Board at Siliguri

The West Bengal Appellate and Revisional Board which hears appeal cases under the Sales Tax and VAT Acts is located in Kolkata. The litigant public along with their legal representatives have to come to Kolkata to fight their cases. The litigant public of North Bengal is put to great inconvenience as they have to travel to Kolkata whenever the cases come up for consideration of the Board. The State Government considering the problems of taxpayers of North Bengal has decided to arrange for holding of four Camps of the West Bengal Commercial Taxes Appellate and Revisional Board at Siliguri.

(10) Increase in the number of Banks receiving e-payment of Commercial Taxes.

Till 2010-11, electronic payment of Commercial Taxes and Profession Tax could be made only through three Public Sector Banks. With constant persuasion with the concerned Banks, RBI and the Accountant General, West Bengal, it has been possible to authorise as many as eleven Public Sector Banks to accept deposit of taxes electronically. The taxpayers now have wider choice of Banks for depositing Commercial Taxes. E-Payment now constitute around 75-80% of total Sales Tax/ VAT collection. The Finance Department is pursuing to authorize all Public Sector Banks to accept tax deposits in e-mode during 2012-13. Efforts are also underway to develop of Common e-Portal for deposit of all taxes of the State Government.

(11) Introduction of the scheme of VAT Return Preparers

It is often difficult for small dealers to bear the cost of professional services for preparation of tax returns and other tax-related documents. Keeping this in mind, the State Government has introduced a Scheme of VAT Return Preparers (VRPs) under the Public Private Partnership model. VRPs will be young graduates trained in the preparation of Sales Tax returns and other tax-related services. Around 1,000 Graduates will be trained in the first instance during 2012-13. After the completion of the training, each such graduate will be given a Certificate of Proficiency, by the Commercial Taxes Directorate. The trained Graduates can then assist the dealers in the preparation of returns and other related services. Government would subsidize a portion of the cost of training of unemployed youth belonging to the minority and backward community.

(12) Rationalization of Taxes

(i) VAT on Motor Vehicles

At present VAT is payable on the tax imposed under the Motor Vehicles Tax Acts for the sale of motor vehicles. In order to abolish this tax on tax, the Government has now made provision so that the tax paid under the Motor Vehicles Tax Acts would no longer form a part of sale price under the VAT Act. The definition of 'sale price' in the VAT Act has accordingly been amended.

(ii) Composition Scheme extended for small Restaurants

To give relief to the owners of the small restaurants, eateries, dhabas, the State Government has raised the limit for Composition Scheme from Rs.15 lakh to Rs. 25 lakh. Dealers with turnover below Rs. 25 lakh will now pay tax at the compounded rate of only 4 percent instead of 12.5 percent.

(iii) Exemption of Profession Tax for Salaried Persons

In order to give relief to salaried persons having salary in the lower bracket, the threshold limit for payment of Profession Tax has been raised from Rs. 3,000 per month to Rs. 5,000 per month.

(iv) Provision of Deemed Assessment in Profession Tax

Deemed Assessment has been introduced in Profession Tax for the tax returns submitted for the period upto 31.3.2011.

(13) Computerization of Commercial Taxes Directorate:

For achieving the goal of simplification, rationalization, transparency, objectivity and speed in tax administration, an effective networked Computerization System is being developed under Mission Mode Project (MMP-CT). The introduction of new e-services and refinement of the old ones gathered great momentum since May, 2011. The e-services introduced during the last few months are as under:-

(i) Online VAT refund and payment of refund through Electronic Clearing System (from 08.07.2011)

(ii) Payment of Industrial Promotion Assistance through ECS(from 08.07.2011)

(iii) Online Registration and Dematerialization of Registration Certificate (from 01.08.11)

(iv) e-Return under the West Bengal Sales Tax Act, 1994(from 20.07.2011)

(v) Online submission of Form 16 exercising option for Composition Scheme (from 01.09.2011)

(vi) Single Page Waybill (from 24.01.2012)

(vii) e-Grievance Monitoring Service (from 24.01.2012)

(viii) e-Anti-evasion Complaint Service (from 24.01.2012)

(ix) e-Sales Tax Deduction at Source (TDS) Service (from 24.01.2012)

(x) e-application for Industrial Promotion Assistance Scheme (from 24.01.2012)

(xi) e-Waybill for Unregistered dealers (from 16.04.2012)

B. Registration And Stamp Revenue

(1) Computerization of Registration

Six offices under the Directorate of Registration & Stamp Revenue, namely, ADSR, Mal in Jalpaiguri, ADSR, Ranaghat-I in Nadia, ADSR, Gopiballavpur in Paschim Medinipur, ADSR, Manbazar in Purulia, DSR, Darjeeling and ADSR, Kurseong in Darjeeling, have been computerized during the period 2011-12. Computerization of ADSR, Kalimpong in the district of Darjeeling is also scheduled to be completed by 15th of May, 2012. With computerization of this office, computerization in all 239 offices of the State will be completed.

(2) Rationalization of Stamp Duty

The present trend of housing is construction of apartments by builders on different plots of land. There was no appropriate article to charge stamp duty on Documents of Agreement between small and medium land owners with promoters/developers. Considering the difficulties faced by the registrant public in general, a new article for registration of such agreements including Power of Attorney deeds has been introduced. Accordingly, article 5(f) has been introduced and section 48(g) has been amended. The rates of stamp duty have been kept extremely low.

(3) NLRMP (National Land Records Modernization Programme)

At present, the processes of registration which is done at Registrar/Additional Sub-Registrar/ Sub-Registrar offices under the Directorate of Registration and Stamp Revenue is not inter-linked with the mutation process done at the offices of the Land & Land Reforms Department. As a result, there is a huge gap in the number of Registrations and the number of Mutations done in a particular period. As per the available records, while the number of Registrations in a particular year is around 12 lakhs, the number of Mutations is only 3 lakhs. Now in order to integrate the processes of Registration and Mutation, the State Government has decided to undertake a project under the National Land Records Modernization Programme (NLRMP). The Pilot Scheme has been successfully launched at Additional District Sub-Registrar office at Ranihati covering Panchla and Sankrail land offices in the district of Howrah. The scheme would be rolled out in the entire State during 2012-13.

(4) Modernization of Registration Offices : Advance Queue Management System (AQMS)

As a drive to modernize the registration offices and to provide useful citizen-centric services to the registrant public, the State Government has installed on a pilot basis an Advance Queue

Management System (AQMS) at the District Registrar's office, South 24 Parganas, Alipur. In the system, the registrant public will be able to follow the process of registration on Display Board installed in the Registration Offices. The system will consist of Token Dispenser Unit, Master Token Display, Counter Display Units and Supervision Control. Personal Computer will manage the unorganized queue properly to give relief to the common registrant people coming from different corners of the towns and villages.

(5) Digitization of Old Records

The Old Records in respect of registration of property is preserved in manual form in the Registers kept in the Registration Offices. The public for the purpose of searching the ownership details of any property has to apply for getting this information. As the information pertains to very old period, it takes time for giving this information after searching the information from the Registers. The State Government has initiated digitization of the Index Register for the properties registered in the different registration offices during the last 30 years under a separate programme known as Legacy Data Record System. The computerization of the records will facilitate instant searching and identifying the status of properties which will immensely benefit the general public.

(6) Introduction of e-stamping system for property registration

In the present system of property registration in the State, there is constant threat of leakage of revenue for attempted use of fake Non-Judicial Stamp papers in different registration offices. The Directorate is going to introduce soon an e-Stamping system through net banking and also counter payment in authorised Banks. The system would provide for generating and printing e-challan after filling up the challan on the website. During payment through net banking, the payee gets challan, makes payment and gets Bank confirmation of payment immediately on the spot. It is convenient for reconciliation between Virtual Treasury (i.e. e-Treasury), Service Department, Bank and R.B.I.

NIC, Kolkata, the system developer and consultant has already submitted DPR for the programme and a website is also ready for launching along with this new system for payment of stamp duty. It may also be noted that the upcoming system will provide the facility of web-based registration of properties to the general public.

C. Reforms in Finance Administration

(1) Payment of salary to the State Government employees through Electronic Clearing System (ECS)

The State Government has introduced the system of payment of salary to the State Government employees through Electronic Clearing System (ECS) and salaries of employees are transferred directly in their Bank Accounts. The State Government has also decided to mandatorily computerize the salary accounts in all State Government Offices and other Autonomous Bodies like Municipalities/Panchayats/Educational Institutions, etc. through standardized software known as Computerization of Salary Accounts (COSA).The computerization of salary accounts system would enable the Government to develop Employees Database which will facilitate scientific manpower planning.

(2) Decentralization of Drawing and Disbursing Officers(DDO) Administration

The functioning of Drawing and Disbursing Officers of State Government Departments was centralized in the Accounts Office of the Finance Department which often resulted in delay in processing of Bills. The State Government has decided to decentralize this function from the Finance Department to all Administrative Departments. This scheme has already been introduced in 43 Departments. The remaining Departments would be brought under the scheme by May, 2012. Decentralization of DDO functioning is expected to substantially improve the processing of Bills which will now be handled by individual Administrative Departments.

(3) File Tracking and Monitoring System

Every day large number of files are received in and sent from the Finance Department. In the absence of any credible file tracking system, it becomes difficult to locate the file and speed up disposal. To improve upon this manual and person-dependent system, steps have been taken to put in place a web-based online file tracking and management system in the Finance Department. The status of the Files sent to the Finance Department would be made available on the Department's website. This would enable the individual Department to know the status of the file at any point of time. The system will be made operational by September, 2012.

(4) Introduction of Financial Advisor

Presently Administrative Departments have to approach the Finance Department for approval of expenditure beyond the powers delegated to them. To facilitate expeditious planning and implementation of development and welfare programmes, Government has decided to enhance the financial powers of the Administrative Departments and improve their capacity in financial management through creation of 'Financial Advisor' in the Administrative Departments in a phased manner. This new system is being introduced in the first instance in six Departments of Home, Health and Family Welfare, Urban Development, Public Health Engineering, Public Works Department and Panchayat and Rural Development Departments from 1st June'2012.The FA system will gradually be rolled out in other Departments.

(5) Introduction of Integrated Financial Management System(IFMS)

The State Government with the objective of achieving efficient management of Government funds and monitoring of the Government Accounts has decided to introduce an Integrated Financial Management System (IFMS). IFMS will improve financial management by providing real time financial information which can be used for better resource and expenditure planning. The development work has already started and is expected to be introduced during 2012-13.

(6) Introduction of New Decentralized Despatch System

Presently, dispatch of all the posts including letters, articles and files of all departments is centralized in the Central Dispatch Offices at Writers Buildings, New Secretariat Buildings, Bhabani Bhavan and Purta Bhaban. This centralization of dispatch in the CDO often results in delay in dispatch and also subsequent difficulty in tracking the status of such dispatched items.

In order to improve the system, the State Government has decided to abolish the Central Dispatch system and introduce a decentralized system from 1st May,2012 where the individual departments would be responsible for the dispatch posts relating to their department. In the proposed system, the dispatch of mails from the four buildings will be done directly by the Department of Posts under the Business Post Scheme which will ensure prompt delivery of letters/ files to the concerned addressees.

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