Report of the Working Group on Banking Arrangements for Implementation of Value Added Tax

Department of Government and Bank Accounts
Reserve Bank of India
Mumbai

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भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

मुख्य महाप्रबंधक
Chief General Manager

DO.DGBA.GAD.No. 1472 / 31.04.009 /2003-04

June 28, 2004

Dr. Rakesh Mohan
Deputy Governor
Reserve Bank of India
Central Office
Mumbai - 400 001

Respected Sir,

Report of the Working Group on Banking Arrangements for Implementation of Value Added Tax (VAT)

In the context of proposed introduction of Value Added Tax (VAT) in different States, a Working Group was constituted in DGBA in terms of Governor's order dated February 18, 2003 with the undersigned as the Convenor. The members of the Group were the Commissioners of Sales Tax/Commercial Tax from Governments of Maharashtra, West Bengal, Kerala, Punjab and Andhra Pradesh. Other members included Fellow of National Institute of Public Finance & Policy, Chief General Manager of State Bank of India, General Manager of Central Accounts Section, Nagpur. A senior official from Office of Accountant General - Maharashtra was also associated with the Group as a member. The Working Group was required to examine and assess the likely impact of introduction of VAT in terms of volume of transactions and to suggest changes required in terms of technology and to design a uniform format for Challan/Return for payment of VAT.

I am happy to submit herewith the Report of the Working Group, for your kind consideration. The Working Group expresses deep gratitude to you for recommending the constitution of the Group and to Smt. Usha Thorat, Executive Director for her valuable guidance and support.

Thanking you,

Yours sincerely,

(Prabal Sen)
Convenor of the Group

सरकारी और बैंक लेखा विभाग, केंद्रीय कार्यालय, 4थी मंजिल, मुंबई सेन्ट्रल रेल्वे स्टेशन के सामने, भायखला, मुंबई - 400 008, भारत
फोन : (022) 2300 1669 फैक्स : (022) 2300 0370 ई-मेल: psen@rbi.org.in

Department of Government & Bank Accounts, Central Office, 4th Floor, Opp. Mumbai Central Railway Station, Byculla, Mumbai - 400 008, INDIA
Tel : (022) 2300 1669 Fax : (022) 2300 0370 E-mail : psen@rbi.org.in

I. *Introduction*

In pursuance of the decision of State Chief Ministers in November, 1999 to shift from the existing systems of Sales Tax to Value Added Tax (VAT) and subsequent discussion during the 11th Conference of State Finance Secretaries held in the Reserve Bank of India (RBI) on 9th January 2003, a Working Group was constituted by the RBI on 15th February 2003 to give practical and concrete suggestions for implementation of the collection mechanism under the VAT.

2. The Group comprised Shri Prabal Sen, Chief General Manager, Department of Government and Bank Accounts (DGBA), RBI as Convenor and Shri V.Somasundaran, Principal State Tax Commissioner of Kerala, Shri T.Yugandhar Reddy, Commissioner of Commercial Taxes, Andhra Pradesh, Shri V.K.Agarwal, Commissioner of Sales Tax, Maharashtra, Shri Suresh Kumar, Excise & Taxation Commissioner, Punjab (later substituted by Shri D.P.Reddy, Excise & Taxation Commissioner, Punjab), Shri Arup Mondal, General Manager, State Bank of India, Shri N. Nagarajan, Sr.Dy. Accountant General, Maharashtra, Shri C.M. Bachhawat, Commissioner of Commercial Taxes, West Bengal, Dr.Kavita Rao, Fellow, NIPFP and Shri B.Srinivas, General Manager, RBI as members. Shri S.H. Shetti, Member Secretary, retired from Bank's service at the end of May 2003.

3. The terms of reference of the Group were:

i) To assess the likely impact of introduction of VAT in terms of volume of transactions and to suggest changes required in terms of technology;

ii) To design a uniform format for the challan/Return for payment of VAT; and

iii) To make any other suggestion on the subject.

Governor had approved constitution of the Working Group vide his order dated 18-2-2003. A list of members is given in **Annex-IV.**

4. The Group met twice and deliberated on various issues relating to banking arrangements for VAT collection. In this regard, a questionnaire was addressed to all the State Governments. A copy of the questionnaire is given in **Annex-I.** The States which have responded to the questionnaire are given in **Annex-II**.

5. The Group expresses deep gratitude to Dr. Rakesh Mohan, Deputy Governor, RBI for recommending the constitution of the Group and for his able guidance and support.

6. The Group also would like to place on record its appreciation for the contributions rendered by all the members and in particular, Dr. R. Kavita Rao,

Fellow of the NIPFP and Shri G. Selva Kumar, Legal Officer, Legal Department, RBI for their valuable conceptual inputs in preparing this Report. The Group also records its sincere gratitude to the secretarial support rendered by Smt. R. Kaushaliya, Asst. Adviser, DEAP, Shri Girish Kallianpur, Deputy General Manager, Shri U.C. Jaiswal, Assistant General Manager, Smt. Pushkala Ranganathan, Smt. Rajshri Srinivasan of the DGBA, Reserve Bank.

Outline of the Report

7. The Report is presented in four Chapters, including introductory Chapter, Chapter 2 deals with the legislative and institutional setting for the sales tax regime in India. Chapter 3 draws from the cross-country experience and successful models at the State level to etch an appropriate approach to instituting the VAT in India. The Group's recommendations are presented in Chapter 4.

II. *The Existing Institutional Framework*

The existing structures and systems for indirect tax collections in India provided a useful starting point for the work of the Group. Indirect taxes are the major sources of revenue both for the Central and State Governments so also the local authorities. In 2002-03, indirect taxes constituted 71.8 per cent of the combined tax revenues of the Centre and States. Within indirect taxes, excise duty collections accounted for 39.4 per cent of the Centre's gross tax revenue while for the States, sales tax proceeds contributed 42.8 per cent of their tax revenue.

2.0 *Levy of taxes under the Indian Constitution*

The power to levy taxes is divided between the Central Government and the State Governments. The Central Government levies direct taxes such as personal income tax and corporate tax and indirect taxes like customs duties, excise duties and central sales tax. The States are empowered to levy state sales tax apart from various other local taxes like entry tax, octroi, etc.

The allocation of powers of taxation between the Centre and the States is based on the broad principle that the taxes of local nature are best collected by the States while taxes with tax bases extending over more than one State, or which should be levied on a uniform basis throughout the country and not vary from one State to another, or which can be collected more conveniently by the Centre rather than the States, have been allotted to the Centre. The Union Government is competent to levy taxes under Entries 82 to 92B of List-I (or Union List) of the seventh schedule to the Constitution of India. State Governments have competency to levy taxes under entries 45 to 63 under List-II (or State List) of the seventh schedule to the Constitution of India.

2.1 *System of Levy of Sales Tax in India*

For the States, the major source of revenue is the sales tax[1]. There are two major components of sales tax – the Central Sales Tax (CST) and the State sales tax also known as the General Sales Tax (GST). The Central Sales Tax Act, 1956, enacted by the Sixth Constitutional Amendment which introduced Entry 92A in List I (Union List) of the Seventh Schedule[1] authorized the Parliament to

1 Annex-III provides a State-wise break-up of revenue collection through sales tax.

[1] "Taxes on the sale or purchase of goods other than newspapers; where such sale or purchase takes place in the course of inter-state trade or commerce".

levy tax on the sale or purchase of goods (other than newspapers) in the course of inter-State trade[2]. The revenue from this tax was assigned to the States by amending Article 269 of the Constitution. Accordingly, the CST is levied on sale or purchase of goods in the course of inter-State trade and commerce. The power to collect CST is assigned to the exporting State.[3]

Under Article 246 of the Constitution of India, the States are empowered to make laws for entries enumerated in List II of the Seventh Schedule. Entry 54 of List II empowers the States to levy sales tax. The State List authorizes levy of duties such as excise or CVD on alcoholic liquors made for human consumption, Indian hemp and other narcotic drugs. The States can levy tax on the entry of goods into the local area, taxes on consumption and sale of electricity and taxes on the sale or purchase of goods other than newspapers. Each State has its own State tax laws[4]. Article 286 of the Constitution of India was amended in 1956 by the Constitution (Sixth Amendment) Act[5] which imposed certain restrictions on the power of the State to impose sales tax.

The power of the States to levy sales tax under Entry 54 is subject to limitations. In terms of entry 92A of List-I, taxation of inter-State sales are subject to Central Laws. Moreover, under Article 286 of the Constitution, the States' power to levy sales tax has been subjected to a few restrictions with a view to control inter-State and international trade and commerce in goods of special importance which are free from State-level taxation. Under these provisions, a State is debarred from levying tax on interstate sale or purchase. Secondly, no State can tax a sale or purchase taking place outside the State. Thirdly, the State is debarred from levying a tax on sale or purchase taking place in the course of import or export[6]. Fourthly, Parliament is empowered to

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[2] A sale or purchase of goods shall be deemed to take place in the course of interstate trade or commerce if the sale or purchase—
a) occasions the movement of goods from one state to another
b) is effected by a transfer of documents of title to the goods during their movement from one state to another.

[3] There are some instances wherein the goods are moved out of the selling state and yet they are not considered inter state sales such as Intra-state sales, Import and Export sales or purchases, Sale through commission agent / on account sales, delivery of Goods for executing works contract etc.

[4] The first State to resort to a GST was Tamil Nadu which introduced a multi-point sales tax in 1939. Following Tamil Nadu, many States resorted to this form of taxation during and after the Second World War. Seven of the States adopted this form of levy in the 1940s viz. West Bengal and Punjab adopted it in 1941, Bihar in 1944, Maharashtra in 1946, Orissa in 1947 and Assam & Uttar Pradesh resorted to it in 1948. Many other States also imposed sales tax before 1950.

[5] The important changes made by the amendment were:
(a) taxes on sale or purchase of goods in the course of inter state trade or commerce were brought within the purview of the legislative jurisdiction of the Parliament;
(b) restrictions could be imposed on the powers of state legislatures with respect to the levy of taxes on the sale or purchase of goods within the states where the goods are of special importance in inter-state trade or commerce; and
(c) power was given to Parliament to formulate principles for determining when a sale or purchase takes place in the course of inter-state trade or commerce or in the course of export or import or outside a state in order that the legislative spheres of Parliament and the State legislatures could be demarcated.

[6] Under Article 286(2) of the Constitution of India empowers the Parliament to make laws and formulate the principles for determining when a sale or purchase of goods take place in the course of import or export. Accordingly, under Section 5 of the Central Sales Tax Act, 1956, a sale or purchase is in the course of export or import if it occasions the export or import of goods out of, or into, India, or the sale is effectuated by a transfer of documents of title to the goods-
(a) in case of export, after the goods cross, and
(b) in case of import, before the goods cross customs frontiers of India.

impose restrictions on State taxation of sale or purchase of goods of special importance[7].

Each State has framed its own sales tax laws. Broadly, the GST contains provisions relating to rates of sales tax that are charged for different categories of goods. In most of the cases the tax on the sale or purchase of goods is at a single point[8]. Under the provisions of some State laws the assessees are divided into several categories such as manufacturer, dealer, selling agent etc. and each such assessee is required to obtain a registration certificate to that effect. The sales tax or the purchase tax is levied on that assessee on the basis of his category such as dealer, manufacturer etc. on production of certain forms or certificates. Generally, a quarterly return of sales or purchases is insisted upon and the assessee is required to furnish the return in the prescribed form. Every dealer should apply for registration and obtain a registration certificate to that effect. The registration certificate number should be quoted in all the bill / cash memos.

2.2 *System of Collection of Sales Tax in India*

In the existing system, the collection mechanism for sales tax can be broadly divided into three categories. Under the first category, some of the States allow the dealers to submit their return-cum-challan along with a cheque/cash for the required amount at any of the participating bank branches or the sales tax office. The return is passed on to the Revenue Department of the State by the bank's nodal link branch of the district. The money is directly credited to the treasury. In some States, the banks only accept cheques of the same branch, which puts unwarranted restrictions on the functioning of the dealer.

Under the second category, some of the States require the dealers to submit their cheques and returns to the sales tax offices directly and the Department then takes on the job of listing and sending the cheques for clearance to the banks. The problem with this system is that the Sales Tax Department is saddled with some additional documentation and is faced with delay in actually realising the dues.

Under the third category, some of the States require the dealers to deposit the money at the treasury/bank against a challan and then attach that challan with the return to be submitted to the Department. This system requires a visit to a bank or the treasury as also to the Sales Tax Office.

While the collections occur through the banking system either by way of cheque or cash deposited in the bank, it is observed that in some of the States cash can be directly credited into their treasuries, which are non-banking entities and outside the banking system.

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[7] Section 14 of the Central Sales Tax Act, 1956 contains a list of such goods. The restrictions on taxation of sales of such goods imposed under Section 15, inter alia, are ; a tax shall be levied only on the last sale or purchase inside the state; it shall be levied only at one stage and at a maximum rate of 3% of the sale price of the commodity.

[8] A sale or purchase of goods is said to take place when the transfer of property in the existing goods or future goods takes place for consideration of money.

It would be observed from the above that the process of Sales Tax collections and tax administration in India suffer from lack of uniformity which has caused several anomalies to the detriment of the Government and the tax payer. Dealers operating in different States are required to comply with different forms, different set of rules which would rather discourage the dealer, expectedly busy with his normal business, to comply with the complicated rules and procedures.

III. *The Approach to VAT in India and Abroad*

The indirect tax system in India suffers from a number of serious drawbacks such as numerous levies, multiplicity of tax rates, narrow tax base, lack of transparency and clarity, procedural complexities and a cascading of tax burden on consumers through mark-ups in the prices of commodities. In general, the emphasis hitherto has been on mobilization of resources and not on the impact of the tax collection system per se on the economy. Since sales tax has to be collected at the first stage itself, the tax rate has to be more. This encourages evasion and really sales tax becomes a tax on honesty (i.e. more the honesty, more the tax payable). If somehow, goods escape the tax at first stage, the goods escape tax net altogether as there is no way by which it can be caught at any subsequent stage. There is ample scope for under-valuation at first stage, since there is no tax payable at subsequent stages, even if goods are subsequently sold at much higher prices.

The objective of introduction of Value Added Tax (VAT) is to address the malignancies inherent in the existing Sales Tax regime. Although VAT by itself is not a panacea for all the evils of current regime, an informed and well designed VAT administration will certainly go a long way in reforming the process of tax collection for the benefit of the tax collector i.e. the Government as also the tax payer.

The VAT is a tax collected on the sale of goods. The underlying principle of taxation is that only the value added at each stage of production and distribution is taxed. The assessee at every stage can offset taxes on inputs against the tax on output by claiming input tax credits. Thus the VAT does away with tax on tax. It is expected to promote transparency, efficiency in investment and export activity, and would avoid the cascading burden of sales and other indirect taxes.

There are many differences between a sales tax and a VAT with regard to administrative and operational aspects. These differences impact on costs of tax administration and the timing of revenue flows to the treasury. Firstly, these differences relate to administrative and operational aspects of the two types of taxes. These aspects affect administration and compliance costs, tax evasion, and the timing of revenue flows to the treasury. Secondly, VAT is intended to be efficient, neutral, buoyant and revenue-raising tax. Thirdly, under VAT, tax revenue is attributed to each stage in the production-distribution chain as tax is applied to each stages of value added. In contrast, under sales tax, tax revenue is attributed to a single-stage i.e. the retail stage. Fourthly, the revenue flow to the Government under VAT, tax payable on sales made in a reporting period is due immediately after a reporting period ends and credit for input tax paid in a reporting period is claimable immediately after the end of the reporting period in which tax is paid. Fifthly, sales tax is less effective in taxing services while VAT is tax on goods as well as services. Sixthly, VAT is neutral with respect to international trade by freeing exports to tax and taxing imports like domestic goods, while sales tax does not provide rebate on exports. Finally, VAT transfers part of the tax liability to tax payer who must prove that they are entitled to tax credit on purchases which encourages better compliance and less evasion, unlike sales tax.

Various committees have been set up by the government from time to time to address the problems prevalent in the indirect taxation system and to bring in elements of predictability, certainty and uniformity into the system. In this regard, the L.K.Jha Committee recommended a manufacturing Value Added Tax system known as MANVAT and the Chelliah Committee suggested a Modified Value Added Tax system known as MODVAT but this was not a pure form of Value Added Tax system. In 1986, the Central government implemented the MODVAT with a system of giving credits for the excise duty paid on inputs. Beginning with a few select commodities, MODVAT was extended to all goods manufactured or produced in the country. MODVAT was replaced by the Central VAT (CENVAT) in the Union Budget, 2000-01. The multiplicity of rates that marked the initial years has been reduced over time. At present, a single CENVAT rate of 16 per cent is in existence with three special excise duty rates of 8 per cent, 16 per cent and 24 per cent. The CENVAT covers all goods except a few items like petroleum, tobacco products, pan masala and items attracting specific duties.

One of the major constraints that has prevented introduction of a full fledged VAT in India is the federal structure wherein the States do not want to forego their revenue as there is an apprehension that revenue collections will come down since VAT is implemented. In this regard, a major initiative has been undertaken in the Union Budget, 2003-04 to facilitate the implementation of the VAT as a part of State-level fiscal reforms. The Central Government has agreed to compensate 100 per cent of the possible revenue loss in the first year of the introduction of the VAT, 75 per cent in the second year and 50 per cent in the third year. Moreover, countries with federal structures viz. Federal Republic of Germany, Brazil, Mexico, Argentina, Canada etc. have adopted various methods to overcome such apprehensions. Experience from various countries has shown that after the introduction of Value Added Tax system, the revenue collection has increased and there is a certain amount of predictability and uniformity to the entire taxation system. It is worthwhile, therefore, to survey the cross-country experience to gather lessons for the future course of the institution of a full-fledged VAT in India.

3. 1 *The Cross-Country Experience*

VAT has been implemented in most of the countries to avoid the cascading of tax burden. It has provided a large measure of certainty and, therefore, transparency to the taxation system. The VAT has generally improved the generation of tax revenues for these countries.

In Germany, VAT is handled by States who collect the tax at uniform rates fixed by the federal government. The total VAT revenue is shared between the Federal Government and the States roughly in the ratio of 70:30, with some special provisions for a larger share for economically weaker States. The sharing between the Federal Government and the States is reviewed periodically and fixed through privileged and fairly difficult negotiations.

In 1988, the Brazilian constitution was modified to empower the States to set the State VAT themselves. Under the new system the States are to get 75 per cent of the revenue from the State VAT and the balance 25 per cent would go to municipalities. Prior to 1988, the Brazilian VAT system was similar to the German system in the sense that the Federal Government determined the base and the rates.

In Mexico, States are in charge of collection and administration of VAT and they remit the entire revenue to the Federal Government and get in return certain percentage of the collections. Even though the model is similar to that of Germany, States are entitled to get comparatively lower share in VAT revenue. The Mexico revenue sharing formula is based on economic conditions in different States. The collection efficiency also varies substantially from State to State.

Argentina has a federal VAT, which is administered by the Federal Government. Under the system, the tax revenue is shared with the states, using a revenue sharing formula which empowers the States to grant exemptions under VAT.

In Turkey, VAT is applicable to the deliveries of goods made by merchants within the framework of their commercial and industrial activities, to the performance of services and to the importation of goods and services of all kinds[9]. Exclusions are also granted[10].

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[9] The value added is calculated on the documents that taxpayers draw up for their taxable transactions and the value added on their receipts for taxable transactions are set-off against one another and if there is a positive balance, it is paid to the tax office. Value added tax is levied on the basis of declaration that the person with the tax liability files. Those who are responsible for deducting this tax are also obliged to file a declaration.

[10] Some of the exclusions are : (a) Deliveries that take the form of exports and services related to them as well as services rendered on behalf of a client located outside the country, (b) Services rendered and deliveries of goods made for those who are engaged in oil exploration on condition that they shall be limited to such exploration activities (c) Transaction that are covered by banking and insurance transaction tax (d) Transport work between through Turkey and foreign countries. (e) Deliveries of water made for agricultural purposes.

In Korea, a person who is engaged in the supply of goods or services independently in the course of business[11], whether or not for profits, is liable to VAT. VAT is charged on transactions, which are related to the supply of goods[12] and services[13]. There are certain categories of the supply of goods and services, which are zero-rated, and input tax is refundable. The exempted categories of goods and services are subject to exemption and the input tax incurred thereon is not refundable. However, the traders may elect not to be exempted. A trader is required to furnish to the Government a return of the tax amount payable or refundable within 25 days from the date of the termination of each preliminary return period. He is required to pay the tax amount payable to the Government at the time of furnishing the return.

3.2 *Recent Sub-National Initiatives in India*

In India, the Governments of Andhra Pradesh and Maharashtra have made attempts to levy Sales Tax on the model of VAT. Studies from the Andhra Pradesh and Maharashtra models are of considerable help in terms of gaining experience on the preparatory steps necessary pending legislation on VAT in India and for exploring the possibility of developing a uniform model that could be followed across the States. Specimen challan Forms of the Governments of Andhra Pradesh and Maharashtra are given in Annex - II (A) and (B), respectively.

3.2.1 *Andhra Pradesh Model*

In Andhra Pradesh, there are about 3,76,000 dealers registered under the Sales Tax system. The number is likely to get reduced mainly on account of threshold limits adopted for registration in the VAT system. The total number of dealers do not pay tax regularly on monthly basis in the present system. On the other hand, in a VAT system at least 50 per cent of the registered persons or about 1,50,000 dealers will pay tax on monthly basis as against only 50,000 dealers under the existing system. When a VAT return is filed every month, deductions can be claimed on input tax credit. If the tax credit exceeds the amount payable by the registered dealer on the output, the dealer is entitled for refund. If the registered dealer is an exporter, refund of input tax on purchases is made on month-to-month basis and if such registered dealer has exports as well as domestic sales, the input tax is refunded proportionately.

Tax is collected by way of cheques and the instruments are delivered either in tax offices or in e-seva centres. There is no requirement of a bank directly collecting instruments except cash remittance made by taxpayers directly into bank accounts. The banks in Andhra Pradesh are not authorised to collect tax

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[11] If it is a newly started business such a business must register the required particulars of each place within twenty days from the business.

[12] includes those of delivering or transferring of goods due to all contractual or legal actions.

[13] includes the supply of services, which incorporates rendering of services or having a person use or utilise goods, facilities or right due to all legal or contractual actions.

returns. 182 tax offices and about 40 e-seva centres collect cheques which are sent subsequently by tax officers to the banks. Only the State Bank of Hyderabad and the State Bank of India have been dealing with sales tax remittances for the last 45 years. Recently, UTI Bank has been permitted to handle the instruments on behalf of the Government of Andhra Pradesh and credit the sales tax amount into Government Account.

3.2.2 *Maharashtra Model*

In Maharashtra, there are about 5,80,000 dealers registered currently under the Sales Tax system. The total number of dealers is expected to go up to between 1,50,000 and 2,00,000 with the inclusion of AED goods (sugar, textile and tobacco). The number of dealers is expected to go up once the State is empowered to tax services. In a VAT system at least 50 per cent of the registered dealers will pay tax on a monthly basis.

In Maharashtra, 23 nationalized banks deal with sales tax remittances. The dealers are allowed to submit their return-cum-challan along with cheque for the required amount at the banks of the same branch where their accounts are maintained. Cash can however, be deposited in any of the authorised bank branch. The bank then passes on the return to the department through the link branch of the district. The return-cum-challan comprises of two pages to facilitate submission by the dealer. On-line submission of returns is contemplated and in this regard, the software and other systems are being developed to meet the expected increase in the number of dealers.

3.3 The limited experience from the States of Andhra Pradesh and Maharashtra, superimposed upon the canvas of the cross-country experience indicates that the introduction of VAT is likely to increase the number of tax paying dealers. Given the existing system of tax administration, it would be difficult to cope up with such increases. It is now well recognized that unless there is a change in the way the tax departments are organized, implementing the new tax system would pose difficulties both for the assessees and the Department.

3.4 A critical element in this envisaged reorganization is the role of the banking system in the mechanism for collection of taxes. In the collection mechanism one of the channels that is envisaged for the tax payers is to make their tax payments through banks. While it is still not clear as to how many States would be offering this option to their taxpayers, even maintaining status quo would mean an increase in the number of transactions in States, given the experience of Maharashtra which already offers this option. Using banks to collect VAT has generally been successful in other countries (Argentina, Brazil, Italy, Japan, Mexico, Portugal and Spain) since banks have the necessary expertise in handling such receivables and payables. The role of banks can vary, from receiving payments only or receiving tax returns only or filing 'no tax due' reports or a multifaceted role combining all these aspects. In some countries, banks are also in charge of data entry and data transfer to the tax administration. Notwithstanding the view in some States in India that the existing banking arrangement for Sales Tax Collection is adequate for meeting demands of VAT regime, the workload of the banks is likely to increase sharply. The level of technology is still at a nascent stage in some of the banks. Proper networking is required between the collecting branches and the Zonal Office/Nodal Office and the concerned Government Department for onward processing of returns/challans and payments. It is in this regard that the implementation of the VAT emerges as a key concern for the Reserve Bank in its role as the regulator and supervisor of the financial system, arbiter of the payment and settlement system and agent for the Government.

3.5 *Proposed design of VAT in India*

Under the VAT, every individual dealer would pay taxes on purchases and collect taxes on sales. The difference between the taxes collected on sales and taxes paid on purchases is to be deposited as tax due in that tax period. If the dealer sells locally as well as inter-State, the taxes collected on sales would include VAT on local sales and CST on the value of inter-State sales. The quantum of tax to be deposited would be computed suitably. If the dealer is an exporter, the system allows for refund of taxes paid on purchases towards such a transaction. This would mean that the dealer would not deposit any taxes with the department. After scrutinising the return, the department will issue a refund cheque to the exporting dealer. For dealers undertaking inter-State transfers to another dealer, the State is expected to allow tax rebate on purchases. In this event, a refund cheque would be issued by the department. In any combination of these transactions, i.e. local as well as inter-State transaction the taxes collected on sales would be pooled and those paid on purchases too would be pooled to determine, whether tax is payable by the dealer in any given tax period. Once the amount of tax payable is determined, the payment system is expected to capture who pays the tax and how much tax is paid. This principle remains unchanged across regimes.

Keeping in view the goals of VAT administration referred to earlier, the main guidelines of operational framework envisaged for the VAT should be designing a taxpayer identification number (TIN), invoicing and book-keeping requirements, the collection function, including the role of electronic data processing and design of tax forms.

A TIN is a code to identify a taxpayer. The two main objectives are to facilitate computer applications, such as detecting stopfilers and delinquent accounts and to help cross-check information on taxpayer compliance. While designing taxpayer identification number (TIN) it is important to consider the purpose of the TIN and the problems related to its use.

Some of the basic requirements for successful administration of VAT are the following :

a) an appropriate taxpayer identification system;

b) a simple VAT return form which does not request information that cannot be processed in a timely fashion;

c) an effective taxpayer assistance program;

d) a reliable electronic data processing (EDP) system which provides accurate and timely information;

e) system for cross-checking information in VAT returns with information from other sources to detect underreporting;

f) an enforcement system that applies different strategies to different kinds of non-compliance; and,

g) finally, a sound and effectively applied penalty system.

An important feature of the proposed design of the VAT is the tax return. The Group is of the view that the VAT return-cum-challan should be simple and user-friendly so as to facilitate scrutiny as well as speed of remittances. Furthermore, uniform returns could be adopted across the States containing this minimum but vital information. This information can be captured in a Tax Information Network that can be accessible by the tax Departments as well as banks for better coordination. **A model return-cum-challan which could be considered by the States is given in Appendix**.

3.6 There is considerable time lag between onward transmission of challans/ returns and the remittances by the banks to the department. Under the present system, the remittances are credited to Government accounts within 5 days for local cheques and 9 days for outstation cheques. One way of reducing the time lag is to let banks undertake the responsibility of capturing some of the data in the return and pass it on to the department as a part of the scroll. It is envisaged that with the use of advanced technology in the banking sector, the time lag could be reduced to T+3, and gradually to T+0, as both funds and data can move on-line.

IV. *Recommendations*

Against the backdrop of the existing legal and institutional framework of indirect tax administration in India, the cross-country experience and the lessons drawn from experiments in the two States in India, the Group makes the following recommendations for implementing VAT in India :

I. *Mode of Collection of Taxes*

Collection of taxes must pass through banking channel so as to enable the department to track the flow of funds. This would also facilitate flow of information that may be required by the Government.

a) *Challans to be routed through banks*

(i) The simplest solution would be to consider extending Maharashtra's form of payment: the dealer deposits the tax in the bank along with a return/return-cum-challan. Increase in the number of banks authorised to collect taxes would help reduce the inconvenience imposed by requiring cheques from the same branch. With increase in computerisation and networking, acceptability of cheques from other banks too can be explored. Here, since the return travels to departments through the banks - a process which can take some time - it would be useful, if some basic data can be captured at the time of submission of the return at the bank. One part of the first page (Receipt for Return) (See Appendix) could be returned to the dealer as evidence of submission of return and tax due and the other part forwarded to the treasury (Summary Report/Challan) (See Appendix). The return itself can be passed on to the department.

(ii) To begin with, it is proposed that the information in the Summary/ Receipt part of the "Model Return", can be keyed in (See Appendix). For this process to be efficient from the point of view of the banking system, it would be desirable for this information to be separately indicated so that the operator keying in the information can function without confusion. This information can be electronically transmitted to the department as a part of the scroll, for ready update of information on the department's database.

b) *Credit Card / Debit Cards*

A technology intensive and superior option can be found in the use of electronic payment systems through payment gateways. Payment here could be made on the basis of credit cards or debit cards or ECS (debit). This would require significant upgradation of facilities with service providers. Further, given the apprehensions about the level of technical skill required to utilise these options, it would appear that such a system cannot be expected to replace the existing systems in the immediate future. They can however be put into place, over a period of time. We expect that such a scenario will take place by December, 2004.

c) *Automatic Teller Machine*

A third option can be thought of, where the payment can be routed through ATM machines and the return can be dropped off at designated drop-boxes for the sales tax department. Here three possibilities can be thought of:

(i) Operating with the existing network of ATM machines, if dealer identification information can be made accessible from these machines, it is possible to imagine a system, where the tax payer

- uses the debit card/credit card to access the service,
- chooses to pay VAT
- keys in the TIN number, verifies the identification details
- keys in the amount of tax due and the amount of tax paid

This operation would be akin to transfer of money across accounts. The machine can be programmed to issue a transaction number which can be quoted in the return. This completed return can then be dropped off at the designated drop box of the department. The information on this transaction can be instantaneously updated to the database or if security considerations are overriding, then the information can be separately transmitted to the department for suitable updation. This option requires the basic identification information to be available to the ATM machines.

(ii) The Sales Tax Department/or the State treasury can setup designated machines which provide two slots for cards. The tax payer can be issued a card which contains information on the identity of the dealer. This card would provide access to the dealer to these machines. Once access is ascertained, the dealer can key in the amount of tax due and the amount of tax being paid. The second slot can be used to insert a debit card and the payment can be completed. Once again, the machine can be programmed to issue unique transaction number, which can be quoted in the return to be submitted to the department. In this system, it is possible to imagine a uniform tax payer identification number (TIN) for all taxes, which would also make information sharing across databases easier. In this system, the taxpayer would have to select the tax towards which the payment is being made. Alternatively, all the TINs issued to any dealer can be encoded on to one smart card and the system could function as before.

d) *Hybrid Model*

A combination of these two options (b & c) also can be constructed. The government can tie up with some of the banks to provide an optional service to the customers: the debit cards encoded with the sales tax and other tax identification details. These cards can then be used in the existing ATM machines to pay taxes with clear information on which tax is being paid, who pays the tax and how much tax is being paid. A unique transaction number issued by the machine can once again be quoted in the return for identifying the payment transaction.

e) *Smart Card*

The last of the options requires the issue of smart cards to the tax payers but can utilise much of the existing banking system with some changes in the software being used. The other two options require either for networking of the tax department's computers with the banking system or the installation of new set of machines specifically for the use of the treasury. Both these options might require more investment and a longer gestation lag than the third option discussed above. The quick access to taxes collected and the prompt information flow make these options commendable.

II. *IT Enabled Services*

(i) A suitable software may be developed to encourage the dealer to make his/her tax payment through credit card/debit card/smart card. Simultaneously, the department should provide required facility for filing on-line returns. This would definitely speed up the entire system of collection and flow of information to the department. These measures could encourage the assessee to pay his taxes regularly. Some options for electronic payment systems are suggested in the earlier paragraphs.

(ii) Use of technology must be encouraged at all levels for filing returns, processing and storage of data and accessing the same as and when required through an appropriate network within the department. It would also aid more efficient utilisation of the manpower of the Government.

(iii) Collection of taxes across the States should be done uniformly through the banking system. Accordingly, the banks must also gear up towards computerisation and networking of their local branch with the Nodal branch. The Nodal branch could pool all the information and forward the same to department. This flow of information must be passed on to the department within 3 working days. With the implementation of VAT in many States, the number of dealers filing their return would go up considerably. Therefore, it is all the more necessary for the banks as well as the Departments to use modern technology.

III. *Any Where Banking*

Usage of a unique identification number (comparable to PAN for Income Tax) would facilitate the assessee to pay taxes at any bank branch in the country. If there is networking within the departments in a State where the information about the particular dealer is maintained by the department and the bank is networked with the server of the department, then information regarding payment could be updated. This would facilitate the dealer to pay taxes at any place in that State and he is not bothered to visit his branch and the information gets automatically updated.

IV. *Other issues*

(i) The return/challan must be made simple and as far as possible a uniform format could be adopted by the States. The model as suggested by the Group in this regard could be considered. This would help in the design of a common gateway for payments and filing of returns. The banking system too would benefit from such uniformity since the information to be keyed in by the bank is easily identifiable.

(ii) Time lag in remittance of money and flow of information must be reduced. It is recommended that the money as well as the information must reach the concerned department within stipulated period of time i.e., within three working days (T+3) from the date of realisation of cheques/drafts etc., failing which the banks would have to pay penalty for withholding both information and money.

(iii) Dealers must be encouraged to pay taxes directly in the bank which would enable the department to keep focus on scrutiny of returns.

(iv) All tax refunds could be made through ECS or refund cheques which will enable the funds to flow through banking channel.

Prabal Sen
Convenor

V.K. Agarwal Member	V. Somasundaran, IAS Member	T. Yugandhar Reddy Member
D.P. Reddy Member	Arup Mondal Member	N. Nagarajan, IA&AS Member
C.M. Bachhawat, IAS Member	Dr. Kavita Rao Member	B. Srinivas Member

APPENDIX

Model VAT Return

Summary Report/Challan

Budget Head: 0040 (Sales Tax)

01	**Period covered by this return**							**02**	**TIN**					
From	DD	MM	YY	**To**	DD	MM	YY							

03 Name of Enterprise..
Door No..........................Street.................................Locality................................
District............................Town/City............................PIN No:................................
Fax No:.................................Phone No..........................

25. Total Tax Payable **Rs.**

28 (v). Total Tax Paid **Rs.**

29. Bank Name

Branch Name

Signature of Customer with Seal

——————————————————————————(perforated)——————————————————————————

Counterfoil for the Tax Payer

Receipt for Return/Payment

Budget Head: 0040 (Sales Tax)

01	**Period covered by this return**							**02**	**TIN**					
From	DD	MM	YY	**To**	DD	MM	YY							

04 Name of Enterprise..
Door No..........................Street.................................Locality................................
District............................Town/City............................PIN No:.............................
Fax No:................................ Phone No. ....

25. Total Tax Payable **Rs.**

28 (v). Total Tax Paid **Rs.**

Bank Seal

Signature of Customer with Seal

Budget Head: 0040 (Sales Tax)

01	Period covered by this return							02	TIN					
From	DD	MM	YY	**To**	DD	MM	YY							

03 Name of Enterprise..

Door No...........................Street..................................Locality.........................

District............................Town/City............................PIN No:.......................

Fax No:................................Phone No:................................

If you have made no purchases and no sales, cross this box. **04**

If you have no entry for a box, insert "NIL". Do not leave any box blank unless you cross box 04.

Input tax credit from previous month (box 23 of your previous tax return) **05**

PURCHASES IN THE MONTH (INPUT)

		Turnover excluding VAT (A)	**VAT Paid (B)**
06	Exempt or non-creditable Purchases	Rs.	
07	4% Rate Purchases	Rs.	Rs.
08	Standard Rate Purchases	Rs.	Rs..
09	Purchases at other VAT rates	Rs.	Rs.
10	Purchases of SAT goods	Rs.	Rs.
11	Total Amount of input tax (5+7(B)+8(B)+9(B)+ 10(B))		
12	Proportion used towards exempt transactions	Rs	Rs
13	Capital Goods Purchased	Rs.	Rs.
14	Tax Credit on capital goods purchased	Rs.	

SALES IN THE MONTH (OUTPUT)

		Turnover excluding VAT(A)	**VAT Due (B)**
15	Exempt Sales	Rs.	
16	Consignment transfers/stock transfers		
17	Zero Rate Sales – International Exports	Rs.	
18	Zero Rate Sales – Others (CST Sales)	Rs.	Rs.
19	Tax Due on Purchase point goods	Rs.	Rs.
20	4% Rate Sales	Rs.	Rs.
21	Standard Rate Sales	Rs.	Rs.
22	Sales of SAT goods	Rs.	Rs.
23	Sales at other VAT rates	Rs	Rs.
24	Total amount of output tax (18(B) + 19(B) + 20(B) + 21(B) + 22(B) + 23(B))		Rs.

25. Total Tax Payable (24B- 11B+12B-14B)) **Rs.**

If Box 20B is less than 11B

26. Carry Forward **Rs.**

27. Refund **Rs.**

28. Payment Details:

(i) Challan/Instrument No.	(ii)Date	(iii)Bank/Treasury	(iv)Branch	(v) Amount

Signature, Seal & Date

ANNEX I

Questionnaire issued to various State Governments and Responses received

(i)	Name of State	:
(ii)	No. of Tax Payers (Dealers) at present	:
(iii)	No. of Tax Payers (Dealers) expected after introduction of VAT	:
(iv)	No. of Tax Collection Centres and location required for VAT collection	:
(v)	List of sensitive (high collection) Centres	:
(vi)	Copy of blank Tax Return/ Challan presently in use in the State for Sales Tax	:
(vii)	Copies of the relevant Government Notification for introduction of VAT	:
(viii)	Mode of Refund of Tax by Cheque/ECS	:
(ix)	List of additional bank branches required to handle increased transactions	:
(x)	Change, if any, required to be put in place in banking arrangements for receipt of VAT	:
(xi)	Name of Nodal Officer to interact with the Working Group	:
	Address	:
	Telephone	:
	FAX	:
	e-mail	:
(xii)	Any other relevant information.	:

Signature :

Name :

Designation :

Tel.No. :

FAX No. :

ANNEX II

Responses Received

Name of State	No. of Tax Payers (Dealers) at present	No. of Tax Payers (Dealers) expected after introduction of VAT	No. of Tax Collection Centres for VAT	Whether Notification has been issued introducing VAT	Mode of Refund Cheque/ ECS	Need for more banks	Change, if any, required to be put in place in banking arrangements for receipt of VAT
1. Andhra Pradesh	3,75,000	2,50,000	200	www.apvat online.com	Refund voucher	Yes. Pvt. sector banks	Yes
2. Assam	57,034	1,50,000	36	No	Refund voucher	Yes.	No
3. Kerala	1,41,290	1,83,677	150	No	Refund Payment Order	—	Direct payment at Bank counters instead of at Sales Tax Office.
4. Maharash-tra	5,80,000	5,80,000 (may be increased in due course)	23 Nationalised Banks and intend to induct more pvt. sector banks	Bill is awaiting Presidential assent.	Cheques. Considering ECS.	Yes. Pvt. sector banks	Electronic transfer of scrolls.
5. Punjab	1,50,000	1,50,000	82	No. Bill not yet passed.	Refund Vouchers	Yes	Time gap to be plugged.
6. Uttar Pradesh	1,83,000	4,00,000	—	No	Refund Vouchers	Yes. Pvt. sector banks	—

ANNEX II (A)
Government of Andhra Pradesh

FORM A-2
RETURN OF MONTHLY TURNOVER
(vide Rules 7 and 17 of A.P.G.S.T. Rules 1957)

To
The Deputy/Commercial Tax Officer
....

I, ... Son / Daughter / Wife of.................................... on behalf of the dealer carrying on business known as ....
(Dealer name/Firm name)
furnish herewith the statement of the total and net turnover for the said business during the month of .... and give the following connected particulars :

	A.P.G.S.T.	C.S.T.
1. Registration Certificate Number :		

2. Address of principal place of business :

3. Particulars of Payment :

a) Total Tax payable — Rs.

b) Deduct : — Rs.

i) Adjustment of refund of tax

C.Notice No. — Date

ii) Amount of rebate of tax as per form F/F1 as enclosed to this form :

c) Net tax. payable (a) - (b)

d) Total Tax Paid :

i) Cheque / DD Particulars

Number — Date

Bank — Branch

ii) Cash (Receipt No. if paid)

Receipt Number — Date

iii) Challan Particulars

Number — Date

Name of Treasury

e) Balance Payable if any (c) - (d)

Government of Maharashtra

नमुना २०१/FORM 201

महाराष्ट्र मूल्यवर्धित कर अधिनियम २००२ अन्वये व्यापा-याने द्यावयाच्या कराचे विवरणपत्र व चलन

Return-cum-chalan of fax payable by a dealer under M.V.A.T. Act 2002

महाराष्ट्र मूल्यवर्धित कर नियम २००३ चा नियम १७, १८ आणि ४२ पहा.

(See Rule 17, 18 and 42 under The Maharashtra Value Added Tax Rules, 2003)

1)	म.मु.क.अ.नों.क्र. M.V.A.T.R.C. No.	2)	कें.वि.का.नों.क्र.C.S.T.R.C. No.

3)	विवरणपत्राचा कालावधी Period covered by the return	पासून From		पर्यंत To	
4)	व्यापा-याचे नांव व पत्ता Name and address of the dealer-				
5)	दूरध्वनी क्रमांक Telephone No.				

	तपशील Particulars	विक्री रु. Sale Rs.	खरेदी रु. Purchase Rs.
6)	या कालावधीत केलेल्या विक्री/खरेदीची एकंदर उलाढाल Gross Turnover of Sales/Purchases made during the period		
7)	वजा-करमुक्त विक्री/खरेदी *Less*-Sales / Purchases (Tax free)		
8)	कलम ८ अन्वये विक्री/खरेदी Sales / Purchases under section 8		
9)	इतर वजावटी, (असल्यास) Other deductions, if any		
10)	खरेदी करास पात्र असलेल्या खरेदीची उलाढाल Puchases liable for Purchase Tax		
11)	शिल्लक विक्री/खरेदी उलाढालBalance Turnover of Sales / Purchases		

12)	देय विक्रीकर (चौकट १९ प्रमाणे) Sales Tax Payable (as per box 19)	
13)	देय खरेदीकर (चौकट २० प्रमाणे) Purchase Tax Payable (as per box 20)	
14)	एकूण देय कर (१२ + १३) Total Tax payable (12+13)	
15)	वजा-एकूण वजावट (चौकट २२प्रमाणे) Less : set off available (as per box 22)	
16)	अतिरिक्त वजावट/शिल्लक रक्कम (१४-१५) Excess Set-off / Balance payable (14-15)	

अतिरिक्त वजावट Excess Set-off

17)	(अ)*पुढील विवरणपत्राकरीता अग्रेषित करण्यात आलेली वजावट (A) *Set off carried forward to next Return	
	(ब)*ह्या विवरणानुसार घ्यावयाच्या परतावा (B) * Refund to be claimed as per this return	

शिल्लक रक्कम Balance payable

18)	(अ)**वजा आधी भरलेली रक्कम टी.डी.एस. सह (असल्यास) (A) **(Less amount already paid including TDS, if any	
	(ब)**या विवरणासह चलनाद्वारे भरलेली रक्कम (B) **Amount paid alongwith this Return-cum-chalan	

*जर चौकट १५ची रक्कम चौकट १४ पेक्षा जास्त असेल तर जो फरक असेल तो तुम्ही नियमांप्रमाणे चौकट १७(अ) प्रमाणे अग्रेषित करु शकता किंवा चौकट १७ (ब) प्रमाणे या विवरणपत्रात परतावा मागू शकता.

If Total of Box 15 exceeds Total of Box 14 then you can, in accordance with rules, carry forward set off in Box 17(A) for next return or claim refund in Box 17(B) for this return.

**जर चौकट १४ची रक्कम चौकट १५ पेक्षा जास्त असेल तर जो फरक असेल त्यातून पूर्वी काही रक्कम भरणा केली असल्यास ती वजा करुन भरलेली उर्वरित रक्कम चौकट १८(ब) मध्ये नमूद करावी.

If Total of Box 14 exceeds Box 15 then pay the difference and state the amount in box 18 B after taking credit of any amount already paid

या विवरणपत्रातील १ ते २२ चौकटीतील नमूद केलेली माहिती माझ्या माहिती व विश्वासाप्रमाणे खरी आहे.

The statement contained in this return in boxes 1 to 22 are true to the best of knowledge and belief.

दिनांक : Date: ______________ स्वाक्षरी Signature ______________

स्थळ : Place: ______________ पदनाम Designation ______________

फक्त कोषागाराच्या उपयोगासाठी For Treasury use only.

रुपये मिळाले ______________ अक्षरी ______________

Received Rs.______________ In words ______________

नोंद दिनांक ______________ चलन क्रमांक ______________ कोषागार/लेखापाल/कोषागार अधिकारी/एजंट/व्यवस्थापक

Date of Entry______________Chalan No______________Treasury Accountant / Treasury Officer / Agent / Manager.

19)	कलम ५ अन्वये कर पात्र असलेल्या विक्रीची निव्वळ उलाढाल **Net Turnover of Sales liable for Sales Tax as per section 5**			
	अनु. क्रमांक Sr.No.	कराचा दर Rate of Tax	बिक्रीची निव्वळ उलाढाल Net Trunover of Sales	देय कर Tax Payable
	i	4 %		
	ii	12.5%		
	iii			
	iv			
	एकूण Total/			

20)	कलम ६ अन्वये कर पात्र असलेल्या खरेदीची निव्वळ उलाढाल **Net Turnover of Purchases liable for Purchase Tax as per section 6**			
	अनु. क्रमांक Sr.No.	कराचा दर Rate of Tax	खरेदीची निव्वळ उलाढाल Net Trunover of Purchases	देय कर Tax Payable
	i	4 %		
	ii	12.5%		
	iii			
	iv			
	Total/ एकूण			

21)	नोंदीत व्यापा-यांकडून केलेल्या निव्वळ खरेदीची उलाढाल व वजावटीची मागणी करणा-या व्यापा-याकडून विविध दरानुसार वेगळा गोळा केलेला कर **Net Turnover of Purchases made from registered dealers and Tax collected separately from the claimant dealer at different rates**			
	अनु. क्रमांक Sr.No.	कराचा दर Rate of Tax	खरेदीची निव्वळ उलाढाल Net Trunover of Purchases	कराची रक्कम Amount of Tax
	i	4 %		
	ii	12.5%		
	iii			
	iv			
	Total/ एकूण			

22)	ह्या विवरणपत्रानुसार अनुज्ञेय वजावटीची परिगणना **Computation of Set-off to be claimed as per this return**	
	तपशील/**Particulars**	रक्कम/**Amount**
1	खरेदीवर एकूण भरलेला किंवा देय असलेला कर (चौकट २० + २१) Total Tax Paid or payable on Purchases (Box 20 + 21)	
2	वजा:- नियम ५४ (३)नुसार वजावटीत घट Less-Reduction in amount of set off under Rule54(3)	
3	वजा:- नियम ५४ (४)नुसार वजावटीत घट Less-Reduction in amount of set off under Rule 54(4)	
4	वजा:- नियम ५४ नुसार वजावटीत इतर घट Less-Any other Reduction in amount of set off under Rule 54	
5	वजा:- वजावट अनुज्ञेय नसलेल्या खरेदीवर केलेला कर भरणा Less-Tax paid on purchases for which set-off is not admissible	
6	वजा:- वजावटीत इतर घट, असल्यास Less-Any another reduction in set-off, if any	
7	शिल्लक वजावट Balance Set-off	
8	अधिक-मागील विवरणपत्रानुसार अग्रेषित करुन पुढे आणलेली वजावट Add - Set off brought forward from previous Return	
9	अधिक- *१ जून २००३ रोजी असलेल्या प्रारंभिक साठ्यावर वजावट Add - *Set off on opening stock as on 1st June, 2003	
10	एकूण वजावट (७+८+९) Total set off available (7+8+9)	

* दि. १.६.२००३ रोजी च्या प्रारंभिक साठ्यावर जुलै २००३ ते डिसेंबर २००३ या कालावधीत सहा समान हप्त्यांमध्ये वजावट मागता येईल.

* Set off on opening stock as on 1st June 2003 to be claimed in six equal instalments starting from July 2003 to December 2003.

भाग-२/**Part-II**

कोषागाराकरिंता चलन **Chalan for Treasury**

म.मू.क. अधिनियम २००२ अन्वये व्यापा-याने द्यावयांच्या कराचे विवरणपत्र व चलन

Return-cum-chalan of tax payable by dealer under M.V.A.T. Act 2002

महाराष्ट्र मूल्यवर्धित कर नियम २००३ चा नियम १७, १८ आणि ४२ पहा.

(See Rule 17, 18 and 42 under The Maharashtra Value Added Tax Rules, 2003)

व्यापा-याचे नांव व पत्ता Name and address of the dealer			
म.मु.अ.नों.क्र. M.V.A.T.R.C. No.			
कें.वि.का.नों.क्र.C.S.T.R.C.No.			
विवरणपत्राचा कालावधी Period covered by the return	From: To:		
००४०-विक्रीकर अधिनियमान्वये वसुली कराची जमा 0040-Sales Tax Receipts under the Sales Tax Act - Tax Collection			
कर रुपये /Tax Rs.			
निक्षेपाची सही Signature of Depositor			
दिनांक Date		दिनांक Date	

फक्त कोषागाराच्या उपयोगासाठी /
For Treasury use only

रुपये/ Received Rs. (अक्षरी/ In words)	
रुपये/ Received Rs. (In Figures)	
नोंदीचा दिनांक Date of entry	
चलन Chalan No.	
शिक्का (कोषागार/बँक) for Stamp (Treasury/Bank)	शिक्का (कोषागार/बँक) for Stamp (Treasury/Bank)

भाग-३/**Part-III**

करदात्यासाठी चलन/**Chalan for Tax Payer**

Return-cum-chalan of tax payable by a dealer under M. V. A. T. Act 2002

म.मू.क.अधिनियम २००२ अन्वये व्यापा-याने द्यावयाच्या कराचे विवरणत्र व चलन

(See Rule 17, 18 and 42 under The Maharashtra Value Added Tax Rules, 2003)

महाराष्ट्र मूल्यवर्धित कर नियम २००३ चा नियम १७, १८ आणि ४२ पहा.

Name and address of the dealer व्यापा-याचे नांव व पत्ता	
म.मु.अ.नों.क्र. M.V.A.T.R.C. No.	
C.S.T.R.C.No.कें.वि.का.नों.क्र.	
Period covered by the return विवरणपत्राचा कालावधी	From: To:
0040-Sales Tax Receipts under the Sales Tax Act - Tax Collection ००४०-विक्रीकर अधिनियमान्वये वसुली कराची जमा	
कर रुपये Tax Rs.	
निक्षेपाची सही Signature of Depositor	
स्थळ Place	

फक्त कोषागाराच्या उपयोगासाठी /
For Treasury use only

Received Rs./रुपये (In words अक्षरी)	
Received Rs./रुपये (In Figures)	
Date of entry नोंदीचा दिनांक	
Chalan No. चलन	

कोषागार लेखापाल/कोषागार अधिकारी/ एजंट किंवा व्यवस्थापक
Treasury Accountant / Treasury Officer/ Agent or Manager

ANNEX III

STATE-WISE POSITION OF COLLECTIONS OF SALES TAX

(Rs. in lakhs)

S.No.	Name of the State	2001-02 (Actuals)	2002-03 (Projected)
1.	Andhra Pradesh	786,012	875,440
2.	Arunachal Pradesh	1,234	1,836
3.	Assam	106,461	122,430
4.	Bihar	145,000	159,847
5.	Chhattisgarh	79,512	91,826
6.	Goa	50,000	52,500
7.	Gujarat	600,000	660,000
8.	Haryana	305,600	345,000
9.	Himachal Pradesh	35,500	39,716
10.	Jammu and Kashmir	40,000	44,000
11.	Jharkhand	151,500	162,154
12.	Karnataka	558,167	678,719
13.	Kerala	486,551	560,040
14.	Madhya Pradesh	254,200	283,433
15.	Maharashtra	1,318,000	1,468,000
16.	Manipur	3,200	3,600
17.	Meghalaya	7,280	8,400
18.	Mizoram	900	1,000
19.	Nagaland	3,041	3,456
20.	Orissa	148,500	166,500
21.	Punjab	269,000	325,000
22.	Rajasthan	315,000	400,000
23.	Sikkim	2,150	2,150
24.	Tamilnadu	844,036	907,141
25.	Tripura	9,661	10,850
26.	Uttaranchal	45,000	56,000
27.	Uttar Pradesh	625,724	729,737
28.	West Bengal	410,000	471,500
29.	NCT of Delhi	379,300	419,300
30.	All States	7,980,529	9,049,574

Source : Report on State Finances, A Study of Budgets of 2002-03 (RBI, February 2003)

ANNEX IV

LIST OF MEMBERS

Shri Prabal Sen Chief General Manager Reserve Bank of India Dept. of Government & Bank Accounts	Convenor
Shri V.K. Agarwal, IAS Commissioner of Sales Tax Government of Maharashtra Mumbai	Member
Shri C.M. Bachhawat, IAS Commissioner of Commercial Taxes Government of West Bengal Kolkata	Member
Shri V. Somasundaran, IAS Commissioner of Commercial Taxes Government of Kerala Thiruvananthapuram	Member
Shri Suresh Kumar, IAS Excise & Taxation Commissioner Punjab Patiala *(Later replaced by :* Shri D. P. Reddy, IAS Excise & Taxation Commissioner Punjab.	Member
Shri P. Bhanu Murthy Officer on Special Duty Revenue Department, Govt. of Andhra Pradesh *(Later replaced by :* Shri T. Yugandhar Reddy Project Manager (VAT) Government of Andhra Pradesh Hyderabad	Member

Shri N. Nagarajan, IA & AS Senior Dy. Accountant General Office of the Principal Accountant General (Audit)-1, Maharashtra Mumbai.	Member
Dr. Kavita Rao Fellow National Institute of Public Finance & Policy New Delhi	Member
Shri. P.C. Srivastava, Chief General Manager, (Agency Banking to Reconciliation) State Bank of India, Mumbai. *(Later replaced by :* Shri Arup Mondal General Manager State Bank of India Mumbai.	Member
Shri B. Srinivas General Manager Central Accounts Section Reserve Bank of India Nagpur	Member
Shri S.H. Shetti Chief General Manager Reserve Bank of India DGBA	Member-Secretary (till 30.5.2003)