

CHAPTER-II: TAXES ON SALE, TRADE *etc.*

2.1 Tax Administration

Commercial Taxes Department is the most important revenue-earning Department of the State. The Additional Chief Secretary to the Government of Meghalaya, Excise, Registration, Taxation and Stamps (ERTS) Department is in overall charge of the Sales Tax Department at the Government level. The Commissioner of Taxes (COT) is the administrative head of the Department. He is assisted by two Deputy Commissioners of Taxes (DCT) and two Assistant Commissioners of Taxes (ACT). One of the ACT, functions as the Appellate Authority. At the district level, the Superintendents of Taxes (ST) have been entrusted with the work of registration, scrutiny of returns, collection of taxes, levy of interest and penalty, issue of road permits/declaration forms *etc.* The collection of tax is governed by the provisions of the Central Sales Tax (CST) Act, 1956, the CST Rules, 1957, the Meghalaya Value Added Tax (MVAT) Act, 2003, the MVAT Rules, 2005 and the Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants Taxation) (MSL) Act. Before the introduction of VAT on 1 May 2005, the Meghalaya Sales Tax (MST) Act and the Meghalaya Finance (Sales Tax) (MFST) Act were in place, which have, since been repealed with the introduction of VAT.

2.2 Trend of receipts

Actual receipts from VAT during the last five years 2008-09 to 2012-13 along with the total tax receipts during the same period is exhibited in the following table and graph.

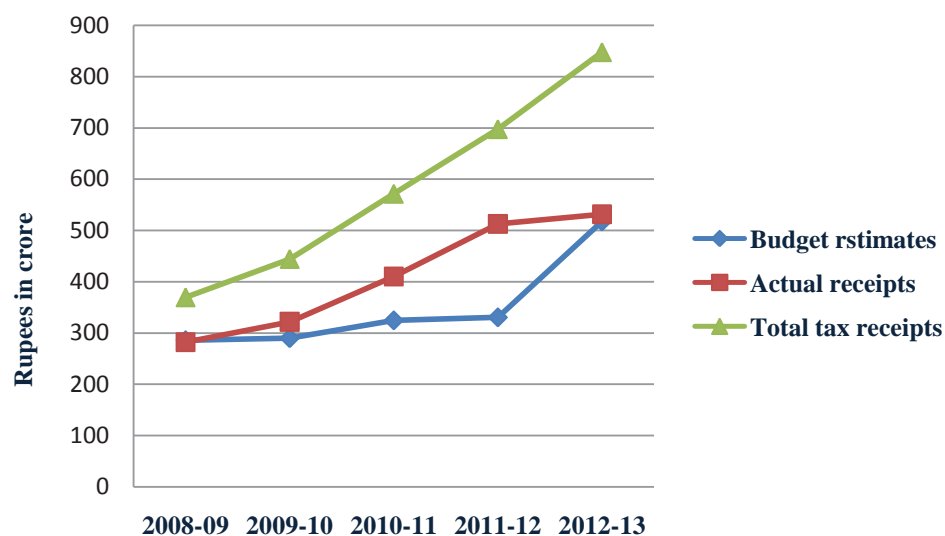
Table 1

(₹ in crore)

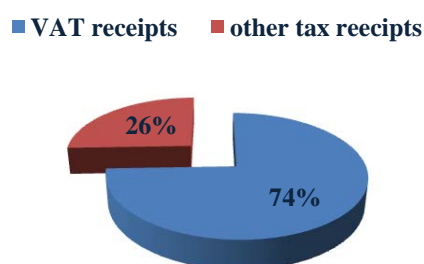
Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual VAT receipts vis-à-vis total tax receipts
2008-09	285.42	281.83	(-) 3.59	1	369.44	76.29
2009-10	289.42	321.40	31.98	11	444.29	72.34
2010-11	324.16	409.88	85.72	26	571.45	71.73
2011-12	330.07	512.50	182.43	55	697.54	73.47
2012-13	517.17	631.12	113.95	18	847.72	74.44

Thus, the percentage of variation which was negligible in 2008-09 increased to 26 per cent in 2010-11 and further to 55 per cent in 2011-12. In 2012-13, the variation came down to 18 per cent. This shows that the budget estimates were not realistically framed.

A line graph showing the budget estimates of the State vis-à-vis the total receipts of the State and the actual tax receipts of the State may be seen below:



Also, a pie chart showing the position of VAT receipt *vis-à-vis* the other tax receipts during the year 2012-13 may be seen below:



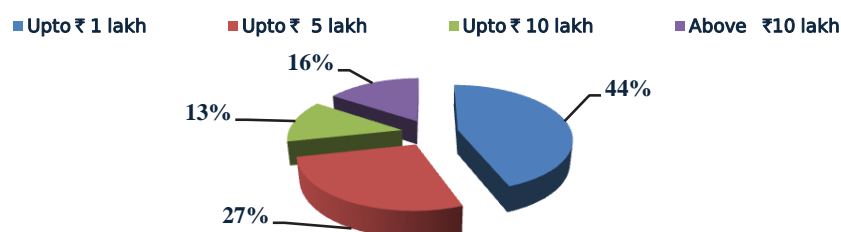
2.3 Assessee profile

As per information furnished by the Department, the number of the VAT assesses that were registered during 2012-13 was 7039. The breakup of these assesses based on their annual turnover is mentioned in the following table:

Table 2

Upto ₹ 1 lakh	Upto ₹ 5 lakh	Upto ₹ 10 lakh	Above ₹ 10 lakh
3110	1928	899	1102

A pie-chart showing the number of dealers registered upto 2012-13 *vis-à-vis* the annual turnover may be seen below:



As would be seen from the above, a sizeable number of the dealers (44 per cent of

the total dealers) registered with the Taxation Department are small dealers *i.e.* having turnover less than ₹ one lakh.

It is recommended that the Department may monitor constantly the turnover of the dealers in this segment to ensure that the dealers who cross the thresh hold limit are brought under the tax net immediately.

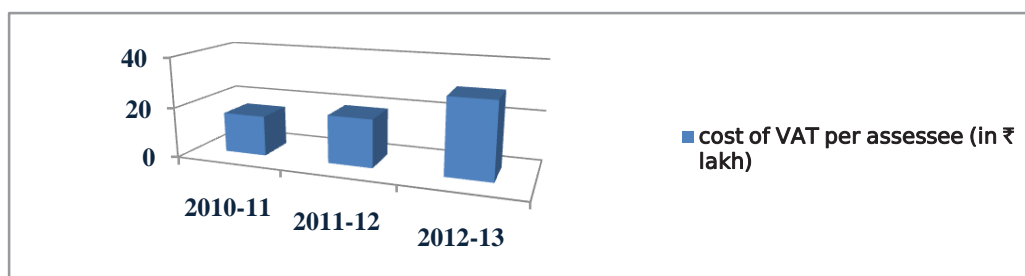
2.4 VAT per assessee

The VAT per assessee during the year and the preceding two years is shown in the following table:

Table 3

(₹ in crore)

Year	Total no of assesseees	Total VAT collection	Cost of VAT per assessee
2010-11	21,019	324.77	0.016
2011-12	22,447	425.31	0.019
2012-13	18,359	549.99	0.030



It may be seen that the cost of VAT per assessee has gone up during 2012-13. However, the number of assesseees under VAT has decreased.

2.5 Position of arrears

As per information furnished by the Department, ₹ 108.18 crore was pending collection as on 31 March 2013. The breakup of the position of arrears during 2008-09 to 2012-13 is given in the following table:

Table 4

(₹ in crore)

Year	Opening balance of arrears	Additions during the year	Collection by the end of the year	Balance arrears
2008-09	22.86	24.73	5.76	41.88
2009-10	41.85	39.44	4.10	77.19
2010-11	77.19	7.06	74.78	9.47
2011-12	9.47	1.02	0.18	10.31
2012-13	10.31	98.51	0.64	108.18

It would be seen from the above that the arrears of revenue which had decreased to ₹ 9.47 crore in 2010-11 went up by 1042 *per cent* to ₹ 108.18 crore in 2012-13. In comparison, the arrear collections have not shown any improvement. This indicates that the revenue recovery mechanism of the Department is weak which has resulted in piling up of huge arrears.

The Department must take urgent steps to revamp its revenue recovery mechanism.

2.6 Cost of collection

The cost of collection (expenditure incurred on collection) of the Taxation Department during 2012-13 is shown in the following table:

Table 5

(₹ in crore)

Year	Actual revenue	Cost of collection	Percentage of expenditure on collection	All India average percentage during the preceding year
2010-11	409.88	8.71	2.13	0.96
2011-12	512.50	10.33	2.02	0.75
2012-13	631.12	10.84	1.71	0.83

Although the cost of collection of the Department has been showing a steady decline, it is still on the higher side when compared to the all India average percentage during the preceding years is on the higher side. As such, the Department should take effective steps to bring it down at least to the all India average cost of collection.

2.7 Impact of Audit Reports

2.7.1 Revenue Impact

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation, underassessment/loss of revenue, incorrect exemption, concealment/suppression of turnover, application of incorrect rate of tax, incorrect computation *etc.*, with revenue implication of ₹ 662.72 crore in 110 paragraphs. Of these, the Department/Government had accepted audit observations in 12 paragraphs involving ₹ 662.72 crore and had since recovered ₹ 167.42 crore. The details are shown in the following table:

Table 6

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2008-09	23	784.99	5	481.98	1	167.42
2009-10	29	498.23	4	0.97	-	-
2010-11	23	215.39	-	-	-	-
2011-12	15	247.99	1	176.32	-	-
2012-13	20	112.88	3	3.12	-	-
Total	110	1859.48	13	662.39	1	167.42

The above table reveals that except for the recovery of ₹ 167.42 crore received from Government of India on account of VAT compensation, the recovery in respect of paragraphs included in the Audit Reports (Revenue Receipts) has been nil. This is a matter of concern as with the passage of time the chances of recovery in these cases become remote.

It is recommended that the Government may in the interest of revenue instruct the Department to take concrete steps for recovery of the amounts at least in those cases which have been accepted by the Department.

2.7.2 Amendments in the Acts/Rules/notification/orders issued by the Government at the instance of audit

Based on audit observations, the Government notified the following changes:

- **Verification of declaration forms:** The Department has instructed all the STs to verify the genuineness of the declaration forms from the TINXSYS website before carrying out assessments.
- **Preparation of VAT Manual:** The Department has prepared the VAT Manual detailing the process to be followed by the STs while carrying out scrutiny and assessments and also prescribing various rules and procedures to be followed by the STs and the dealers.
- **Erection of Integrated checkgates:** Action has already been initiated to establish integrated checkgates and the process of site selection is in progress.

2.7.3 Results of Audit

Test check of the records of 14 units relating to VAT during 2012-13 revealed under-assessment of tax and other irregularities involving ₹ 341.30 crore in 125 cases which fall under the following categories:

Table 7

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/Short realisation of tax	44	228.89
2.	Evasion of tax	10	58.98
3.	Loss of revenue	15	17.12
4.	Other irregularities	56	36.31
Total		125	341.30

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 26.21 crore in 39 cases. An amount of ₹ 0.26 crore was realised in 12 cases during the year 2012-13.

A few illustrative cases having financial impact of ₹ 112.88 crore in terms of underassessment/short levy/non-levy of tax and other provisions of the Acts are discussed in the paragraphs 2.8 to 2.27.

2.8 Loss of Revenue - ST, Circle-I, Shillong

Loss of revenue of ₹ 2.83 crore due to failure to complete assessments in time.

The Meghalaya Value Added Tax (MVAT) Act, 2003 and the Rules made there under stipulate that:

- Every registered dealer must submit to the concerned ST a quarterly tax return within 21 days from the end of the quarter [Section 35];
- The concerned ST is to assess on best judgement basis the tax liability of any dealer who fails to submit his return for any period by the prescribed date [Section 55 (5)];
- If a dealer fails to pay the full amount of tax within 21 days from the end of the quarter, simple interest at the rate of 2 *per cent* per month from the first day of the month following the said date shall be payable on the amount of default [Section 40];
- If a dealer wilfully fails to furnish his tax returns, penalty at twice the amount of additional tax assessed shall be levied [Section 55 (6)];
- No assessment shall be made after the expiry of five years from the end of the tax period to which the assessment relates [Section 57 (1)].

Five dealers¹ deposited tax of ₹ 0.48 crore for the period between May 2005 and April 2007 but failed to submit their quarterly returns since May 2005. Despite non-submission of returns, no action was initiated by the ST to assess these dealers on best judgement basis and the case records were left unattended. Also, notwithstanding that the five dealers did not submit their quarterly returns, the ST issued 604 road permits to them between May 2005 and April 2007. It was observed from the Road Permit Registers² that these dealers purchased spices, detergents, cosmetics, toiletries, onion, safety matches *etc.* valuing ₹ 8.98 crore between May 2005 and April 2007 by utilising 440 road permits. Thus, they were liable to pay balance tax of ₹ 0.61 crore. Besides, the dealers were also liable to pay interest of ₹ one crore (calculated upto March 2013) for non-payment of tax within the due period and a penalty of ₹ 1.22 crore for wilfully avoiding payment of tax.

Since no assessments can be made after the expiry of five years from the end of the tax period to which the assessment relates, they have become time-barred. Thus, failure of the ST³ to make timely best judgement assessments led to a revenue loss of ₹ 2.83 crore.

¹ (i) M/s P.K. Enterprise (ii) M/s L.T. Trading (iii) M/s Eve's Cosmetics (iv) M/s Laxmi Trading (v) M/s K.B. Agency House.

² Maintained by the ST.

³ Shri K.M. Roy Khyllieb held the charge of ST during the period being reported (*since retired*).

On this being pointed out (December 2012), the ST in his reply stated (May 2013) that the dealers were untraceable and that efforts were on to locate them. Further development in the matter was awaited (December 2013).

2.9 Non-payment of Cess - STs, Jowai and Khliehriat

Cess of ₹ 8.28 crore could not be recovered due to failure of the STs to initiate penal provisions.

The Meghalaya Cement Cess Act, 2010 and the Rules made there under stipulate that

- A cess at the rate of ₹ 20 per MT shall be collected⁴ at the time of lifting of cement for sale or transfer from every cement manufacturer within the State [Section 3 and 4];
- Quarterly statement of sale/transfer of goods shall be submitted by the cement manufacturer to the ST within 21 days from the closure of the quarter [Rule 4 (5)];
- Cess shall be payable within 21 days from the end of every month of the year [Rule 4 (6)];
- For non-payment of cess within the due date, a penalty not exceeding the amount of cess in arrears, in addition to cess due, shall be payable within the date as prescribed [Section 7];
- If any cess due including penalty is not paid within the time specified it shall be recoverable by detaining the cement belonging to the manufacturer. In addition, additional penalty equal to double the amount of cess is also recoverable. [Section 8 and Rule 7];
- If the producer fails to pay the amount of cess and penalty, it shall be recovered by selling the cement seized through auction [Rule 7 (3)].

2.9.1 (ST, Jowai) Three⁵ cement manufacturers sold/despached 631520.922 MT of cement for different periods between January 2011 and September 2011 but failed to pay cess amounting to ₹ 1.26 crore (upto March 2013). Although the cement manufacturers submitted quarterly statements of sale/transfer of cement, the ST failed to initiate any action in order to realise the cess and levy penalty of ₹ 1.26 crore and additional penalty of ₹ 2.52 crore for non-payment of cess. Thus failure on the part of the ST⁶ to initiate penal action led to non-realisation of revenue of ₹ 5.04 crore.

⁴ With effect from 4 January 2011.

⁵ M/s Jaintia Cements Ltd., M/s Adhunik Cements Ltd., M/s Meghalaya Cements Ltd.

⁶ Shri D. Toi held the charge of ST during the period being reported.

2.9.2 (ST, Khliehriat) Two⁷ cement manufacturers neither furnished any quarterly statements of sale/despatch of cement (June 2013) nor paid the cess due on sale of cement. From the quarterly returns⁸ it was seen that the cement manufacturers despatched 405408.55 MT of cement for various periods between January 2011 and March 2012 for which cess of ₹ 0.81 crore was payable but not levied and recovered by the ST. For non-payment of cess, penalty of ₹ 0.81 crore and additional penalty of ₹ 1.62 crore was also leviable. Thus, failure of the ST⁹ to initiate penal action led to non-realisation of revenue of ₹ 3.24 crore.

Also, in none of the two instances pointed out any action was taken by the STs to seize the goods and auction them in order to realise the Government dues.

The cases were reported to the ERTS Department, Government of Meghalaya (GOM) in June 2012 and May 2013; reply was awaited (December 2013).

2.10 Under assessment of tax due to grant of incorrect deduction – STs, Jowai, Williamnagar and Circle-II, Tura

Under assessment of tax of ₹ 0.31 crore in respect of 32 dealers due to erroneous deduction of ₹ 15.44 crore from the aggregate sale price.

As per Section 8A of the CST Act, 1956 in determining the taxable turnover of a dealer, a deduction shall be made from the aggregate of the sale price by applying the following formula:

$$\frac{\text{Rate of tax} \times \text{Aggregate of sale price}}{100 + \text{Rate of tax}}$$

It was further stipulated that no deduction on the basis of the above formula shall be made if the turnover does not include the element of sales tax collected by the dealer.

The COT in September 2010 fixed the minimum price of coal at ₹ 3044 per MT which is equal to the pit head price of coal as determined by the Mining and Geology Department and excludes the element of tax. As such no deduction under Section 8A is admissible.

In three unit offices, it was seen that 32 dealers while disclosing turnover of ₹ 742.56 crore on sale of 24.40 lakh MT of coal at ₹ 3044 per MT and claimed deduction of ₹ 15.44 crore under Section 8A of the CST Act. Although the dealers were not eligible for tax deduction, the same was accepted by the STs at the time of assessments thereby resulting in under assessment of tax of ₹ 0.31 crore as mentioned in the table below:

⁷ M/s Hill Cements Ltd., M/s JUD Cements Ltd.

⁸ Quarterly returns are to be submitted by all registered dealers under Section 35 of the MVAT Act.

⁹ Shri J. B. Laloo and Shri J. L. Kharwanlang held the charge of ST during the period.

Table 8

(*₹ in crore*)

Name of the unit office	Return period	Number of dealers	Turnover disclosed	Deduction claimed	Under assessment ¹⁰
ST ¹¹ , Jowai	December 2010 to March 2012	Six ¹²	180.46	3.93	0.08
ST ¹³ , Williamnagar	March 2011 to June 2012	Sixteen ¹⁴	187.45	4.06	0.08
ST ¹⁵ , Circle-II, Tura	March 2011 to March 2012	Ten ¹⁶	374.65	7.45	0.15
Total			742.56	15.44	0.31

The cases were reported to the ERTS Department, GOM in June 2012 and May 2013; reply was awaited (December 2013).

2.11 Non-realisation of VAT revenue – ST, Circle-III, Shillong

Due to non-completion of scrutiny by the ST, VAT revenue amounting to ₹ 25.06 crore on which penalty of ₹ 38.44 crore and interest of ₹ 28.54 crore was leviable, remained unrealised.

The Meghalaya Value Added Tax (MVAT) Act, 2005 and the Rules made there under stipulate that:

- Each and every tax return submitted by a dealer shall be scrutinised by the ST [Section 39 (1)];
- If any short/non payment of tax is detected, the ST shall ask the dealer to pay the additional tax along with interest [Section 39 (2)];
- If a dealer fails to pay the full amount of tax within 21 days from the close of the quarter, simple interest at the rate of two *per cent* from the first day of the month following the said date shall be payable on the amount of default [Section 40];

¹⁰ Calculated at 2 *per cent* of the deduction claimed.

¹¹ Shri D. Toi held the charge of the ST during the period.

¹² (i) E.M. Coal Mines (ii) M/s Shangpung Coal Suppliers (iii) M/s R.L. Enterprise (iv) M/s L.P. Enterprise (v) M/s National Enterprise (vi) M/s War Passah Coal Traders

¹³ Shri M. Bamon held the charge of the ST during the period.

¹⁴ (i) M/s GS Traders (ii) M/s BK Sangma Coal Agency (iii) M/s Nangwin N. Sangma Coal Carrier (iv) M/s Honey G. Momin (v) M/s P. Marak coal Agency (vi) M/s L. Coal Traders (vii) M/s E.D. Rohonath Marak(viii) M/s R.M. Sangma Coal Traders (ix) M/s Hill View Coal Agency (x) M/s M.M. Coal Dealer (xi) M/s K.G. Momin Coal Agency (xii) M/s Santi Coal Trader (xiii) M/s Sangma Coal Dealer (xiv) M/s E.D. Sangma Coal Dealer (xv) M/s P. Marak coal Agency (xvi) M/s Marak Coal Traders

¹⁵ Shri D.C. Marak held the charge of the ST during the period.

¹⁶ (i) M/s M.R. Coal Agency (ii) M/s S&S Coal Traders (iii) M/s Meghalaya Coal Agency (iv) M/s R.J. Coal Trader (v) M/s B.D. Sangma Coal Agency (vi) M/s R.N. Coal Traders (vii) M/s Green Valley Enterprise (viii) M/s Marak Coal Agency (ix) M/s B.R. Sangma Coal Agency (x) M/s H.K. Coal Agency

- If a dealer furnishes a false return of turnover, he shall in addition to the tax payable, be penalised by way of composition of offence a sum equal to double the amount of tax due [**Section 96 (i)**].

Examination of the records of an automobile dealer¹⁷ revealed the following irregularities:

2.11.1 The dealer submitted quarterly tax returns to the ST for the period from 2005-06 to 2008-09 showing a total turnover of ₹ 56.51 crore whereas in the audited accounts also submitted by the dealer to the ST¹⁸ for the same period, the sale turnover was shown as ₹ 212.64 crore. Thus the dealer concealed a turnover of ₹ 156.13 crore and consequently evaded VAT of ₹ 19.52 crore¹⁹ on which interest of ₹ 25.25 crore (calculated upto April 2013) and penalty of ₹ 39.04 crore was leviable.

On this being pointed out (January 2013) the ST in his reply stated (May 2013) that the additional turnover of ₹ 156.13 crore was from sale of vehicles which were purchased from M/s Tata Motors Ltd. on which VAT had already been paid by the company. The reply is not acceptable as the dealer did not show the purchase of vehicles from M/s Tata Motors Ltd. and subsequent re-sale of the vehicles in his returns. Thus by not doing so, the dealer concealed the entire turnover of ₹ 156.13 crore.

2.11.2 Further, as per quarterly tax returns furnished by the dealer, VAT of ₹ 33.80 crore was shown to have been paid for the period from 01 May 2005 to 31 March 2012 whereas the treasury *challans* submitted by the dealer for the aforesaid period showed actual VAT payment of ₹ 27.96 crore only leaving a balance of ₹ 5.84 crore to be paid. In addition, for the period from May 2005 to March 2012 the dealer belatedly paid tax of ₹ 11.31 crore on different dates between March 2006 and April 2012. For belated/non-payment of tax, interest of ₹ 4.85 crore was also leviable but was not levied and recovered by the ST.

Thus, due to failure in scrutiny of returns by the ST, there was non-realisation of VAT revenue amounting to ₹ 55.46 crore.

The case was reported to the ERTS Department, GOM in January 2013; reply was awaited (December 2013).

¹⁷ M/s Modrina Enterprise.

¹⁸ Shri J.B. Laloo, Shri G.G. Marbaniang and Shri E. S. Mawroh held the charge of the ST during the period.

¹⁹ Calculated at 12.5 per cent.

2.12 Evasion of tax by unregistered dealers – ST, Khliehriat

There was evasion of VAT of ₹ 14.22 crore by unregistered dealers on sale of minerals to five industrial units on which penalty of ₹ 14.22 crore was also leviable.

Under the provisions of the MVAT Act, 2003

- Any dealer whose gross annual turnover exceeds ₹ one lakh shall get himself compulsorily registered under Section 31 of the MVAT Act and obtain a certificate of registration (RC);
- A dealer whose gross annual turnover exceeds ₹ 50,000 can however, apply for voluntary registration under Section 32 of the MVAT Act.
- The COT from time to time shall undertake surveys to detect unregistered dealers as per Section 83 of the Act *ibid*;
- Any dealer who makes taxable sales without registration will be assessed to tax under Section 56 (1) of the MVAT Act and will be liable to pay penalty in addition to the amount of tax so assessed, a sum not exceeding the amount of assessed tax under Section 56 (2) of the Act.

Five industrial units²⁰ purchased coal (12,64,487 MT), limestone (6,22,297 MT), shale (72,553MT) and sand (8,424 cu. m.) valued at ₹ 352.03 crore from unregistered dealers within the State between 2005-06 and 2012-13 and deposited the royalty at the prescribed rates on these purchases. However, VAT amounting to ₹ 14.22 crore was not paid by the sellers. Thus, failure of the COT to undertake surveys of unregistered dealers led to evasion of tax of ₹ 14.22 crore by the unregistered dealers. Besides, penalty not exceeding ₹ 14.22 crore was also leviable.

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (July 2013).

2.13 Excess/irregular retention of tax – ST, Khliehriat

There was excess tax collection of ₹ 5.87 crore by two industrial units which was liable to be forfeited. Besides, penalty of ₹ 11.74 crore was also leviable.

As per Section 3(b) of the Meghalaya Industrial (Tax Remission) Scheme, 2006 eligible²¹ cement and clinker manufacturing units with an installed capacity of more than 600 MT per day are permitted to retain 96 *per cent* of VAT collected as subsidy while the balance four *per cent* is to be deposited into Government account. Further, under Section 61(i)(b) of the MVAT Act, if a dealer collects tax in excess of the tax payable by him, he is liable to pay, in addition to the tax

²⁰ M/s Cement Manufacturing Company Ltd., M/s Hill Cement Company Ltd., M/s JUD Cement Ltd., M/s Green Valley Industries Ltd and M/s Meghalaya Power Ltd.

²¹ Any industrial unit which has obtained approval from the Single Window Agency and the Eligibility Certificate from the Industries Department.

collected, a penalty equal to twice the sum so collected by way of tax. In Meghalaya, 'clinker' is taxable at the rate of five *per cent*.

Tax returns submitted by two²² cement and clinker manufacturing units indicated that the units sold clinker and collected tax at 13.5 *per cent* instead of five *per cent*. Between April 2011 and March 2012 the units sold clinker valued at ₹ 71.92 crore and collected tax of ₹ 9.71 crore (at 13.5 *per cent*) instead of ₹ 3.60 crore (at 5 *per cent*), out of which, they retained ₹ 9.32 crore as subsidy under the Remission Scheme of 2006 and remitted ₹ 0.39 crore to the Government. For excess collection of tax of ₹ 6.11 crore, out of which they irregularly retained ₹ 5.87 crore (96 *per cent* of ₹ 6.11 crore) as subsidy, the units were liable to pay penalty of ₹ 11.74 crore in addition to forfeiting the subsidy of ₹ 5.87 crore availed. No action was however initiated by the ST²³ to forfeit the excess tax collected by the manufacturing units. Thus, inaction on the part of the ST to check the correctness of returns furnished by the dealers led to undue benefit of ₹ 5.87 crore to the dealers.

Further, one²⁴ of the units sold 'iron scrap' valued at ₹ 33.08 lakh between January 2010 and December 2010 and collected tax of ₹ 4.14 lakh out of which the unit retained ₹ 3.97 lakh though the unit was not eligible for claiming remission on sale of iron scrap, since it was registered as a cement manufacturing unit for claiming incentives under the Remission Scheme of 2006. Thus the subsidy of ₹ 3.97 lakh availed should be forfeited in addition to paying penalty of ₹ 7.94 lakh.

The above cases were reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013).

2.14 Grant of excess remission of taxes – ST, Khliehriat

Excess remission of tax of ₹ 7.30 crore was irregularly allowed to a manufacturing unit.

As per Section 3(2)(a) of the Meghalaya Industrial (Tax Remission) Scheme, 2006 the tax payable by eligible industries was to be determined in accordance with the following formula:

Tax payable = output tax + tax liability under the CST Act – input tax

The ERTS Department, GOM issued a corrigendum in April 2007 deleting 'tax liability under the CST Act' from the tax payable formula. The new formula was as follows:

Tax payable = output tax – input tax

²² M/s Meghalaya Cement Manufacturing Company Ltd. and M/s JUD Cement Ltd.

²³ Shri J.B. Laloo held the charge of ST during the period.

²⁴ M/s JUD Cement Ltd.

The aforesaid corrigendum issued by the Government was not adhered to by one manufacturing unit²⁵ and the unit continued to claim tax remission by adding tax liability under the CST Act which was also accepted by the ST²⁶. Between 2007-08 and 2011-12, the tax payable by the dealer was ₹ 0.86 crore²⁷ on which tax remission of ₹ 0.82 crore was admissible. But the dealer, instead, claimed tax remission of ₹ 8.12 crore by adding CST liability of ₹ 7.37 crore which was irregularly accepted by the ST. Such irregular acceptance of claim of tax remission by the ST in non-compliance with Government order led to undue financial benefit of ₹ 7.30 crore to the dealer.

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013).

2.15 Acceptance of invalid declaration forms – STs, Khliehriat and Circle-VIII, Shillong

Under-assessment of tax of ₹ 33.73 lakh due to acceptance of invalid declaration forms.

Under Section 8 (1) (b) of the CST Act, 1956 a registered dealer can purchase taxable goods from a registered dealer of another State at a concessional rate of tax by issuing a declaration in form 'C'. Rule 12(i) of the CST (R&T) Rules, 1957 provides that a single declaration shall cover all transactions of a sale which take place in a quarter of a financial year. In case the delivery of goods is spread over to different quarters in a financial year, separate declaration forms shall be furnished for each quarter of a financial year. Inter-State sale of goods supported by declaration(s) in form 'C' tax is leviable at four *per cent* up to 31 March 2007, three *per cent* upto 31 May 2008 and two *per cent* thereafter.

Three dealers²⁸ sold goods valued at ₹ 8.23 crore²⁹ on different dates between April 2006 and September 2012 in course of inter-State trade and produced declarations in form 'C' to the STs for assessment at concessional rates. The STs accepted the 'C' forms and accordingly assessed the dealers on various dates between December 2012 and January 2013. Since the 'C' forms furnished by the dealers contain transactions of more than one quarter, these 'C' forms are invalid and liable to be rejected. As such, irregular acceptance of invalid 'C' forms by the STs³⁰ led to under-assessment of tax³¹ at ₹ 33.73 lakh.

²⁵ M/s Megha Technical & Engineers Private Ltd.

²⁶ Shri J.B. Laloo held the charge of the ST during the period.

²⁷ Total output tax = ₹ 5.08 crore
Total input tax = ₹ 4.22 crore
Tax payable = ₹ 0.86 crore

²⁸ M/s Prim Shylla & Co. and M/s Gulab Chand Jain (both under ST, Khliehriat) and M/s Meghalaya Lime and Mineral Industries (under ST, Circle-VIII, Shillong).

²⁹ Coal: ₹ 3.91 crore and lime products: ₹ 4.32 crore.

³⁰ Shri J.L. Kharwanlang held the charge of ST, Khliehriat and Shri R.C. Nongkynrih held the charge of ST, Circle-VIII during the period.

The cases were referred to the ERTS Department, GOM in April and May 2013; reply was awaited (December 2013).

2.16 Irregular grant of exemption under the Tax Exemption Scheme of 2001 to goods taxable under the Meghalaya Purchase Tax Act – ST, Circle-VIII, Shillong

A manufacturing unit was exempted from payment of tax of ₹ 46.77 lakh on goods taxable under the Purchase Tax Act.

The Meghalaya Industrial Policy, 1997 and the Meghalaya Industries (Sales Tax Exemption) Scheme, 2001 specifically stipulate that only intra or inter-State sale of finished goods which are taxable under the Meghalaya Sales Tax(MST) Act and the Meghalaya Finance (Sales Tax) (MFST) Act are exempted from payment of sales tax. In order to avail incentives under the industrial scheme, an eligible manufacturing unit has to obtain an Eligibility Certificate (EC) and a Certificate of Authorisation (CA) from the Industries and the ERTS Departments respectively.

One³² unit manufactured lime and lime powder which were taxable under the Meghalaya Purchase Tax Act³³. The unit was, therefore, not eligible for availing exemption under the Tax Exemption Scheme of 2001 since the benefit of exemption was only allowed to the goods taxable under the MST and the MFST Acts. It was however noticed that despite this, EC/CA were issued to the unit by the ST. The unit sold goods valued at ₹ 11.69 crore between April 2003 and March 2005 in course of inter-State trade and claimed exemption on this entire amount which was also allowed by the ST while making assessment in January 2012. Thus, irregular extension of industrial incentives to goods taxable under the MPT led to under-assessment of tax of ₹ 46.77 lakh³⁴.

The case was reported to the ERTS Department, GOM in April 2013; reply was awaited (December 2013).

2.17 Inadmissible remission of tax – ST, Circle-VIII, Shillong

An industrial unit irregularly retained tax of ₹ 9.22 lakh in violation of the provision of the scheme for which interest of ₹ 2.15 lakh was also leviable.

Under the Meghalaya Industrial Policy, 1997 and the Meghalaya Industries (Tax Remission) Scheme 2006, Large and Medium Scale Industries (LMSI) set up on or after 15 August 1997 and existing industries undertaking expansion, modernisation or diversification will be eligible for tax incentives by way of

³¹ For inter State sale of goods not supported by C forms tax will be 10 per cent upto 31.03.2007 and at the local rate of tax (4 per cent) from 01.04.2007 onwards.

³² M/s Meghalaya Lime and Mineral Industries.

³³ Upto April 2005 i.e., before the introduction of MVAT Act.

³⁴ Calculated at 4 per cent.

retaining 99 *per cent* of the tax collected as subsidy for a period of seven years from the date of commercial production. Under Section 96 of the MVAT Act, if a registered dealer fails to pay tax in the manner prescribed then he shall be liable to pay penalty amounting to twice the amount of default by way of composition of offence. In addition, simple interest at the rate of 2 *per cent* per month from the first day of the month following the end of a quarter shall be payable on the amount of default under Section 40 of the Act *ibid*.

An LMSI unit³⁵ started commercial production of lime on 27 June 2004 and was entitled to avail of tax incentives for a period of seven years from 27 June 2004 to 26 June 2011. The unit, however, continued to claim remission upto 31 March 2012, which was not detected by the ST³⁶. Between July 2011 and March 2012, the unit sold goods valued at ₹ 4.75 crore in course of inter-State trade and collected tax of ₹ 9.31 lakh out of which it irregularly retained tax of ₹ 9.22 lakh (being 99 *per cent* of the tax collected) in violation of the provisions of the scheme on which penalty of ₹ 18.44 lakh was leviable for non-payment of the full amount of tax. Besides, interest of ₹ 2.15 lakh was also leviable.

The case was reported to the ERTS Department, GOM in April 2013; reply was awaited (December 2013).

2.18 Grant of tax incentives beyond permissible limit – ST, Circle-VIII, Shillong

Short payment of tax of ₹ 14.59 lakh due to grant of tax incentives to an industrial unit beyond the specified level of turnover.

Under the Meghalaya Industrial (Sales Tax Exemption) Scheme, 2001 and the Meghalaya Industries (Tax Remission) Scheme, 2006 eligible industries are entitled to tax incentives on sale of finished goods manufactured by the units not exceeding a specified level of turnover.

A manufacturing unit³⁷ was allowed to manufacture lime and lime products valued at ₹ 5.37 crore annually. During 2003-04, 2007-08 and 2008-09 the unit manufactured and sold goods valued at ₹ 7.95 crore, ₹ 6.14 crore and ₹ 6.35 crore respectively. The ST³⁸ while making assessments in December 2012 failed to detect the additional claim of tax incentive on excess turnover of ₹ 4.33 crore during the aforesaid periods and allowed tax incentives on the entire amount as claimed. Such inadmissible grant of exemption on excess turnover of ₹ 4.33 crore led to short payment of tax of ₹ 14.59 lakh by the manufacturing unit.

³⁵ M/s RNB Minerals and Chemicals Private Ltd.

³⁶ Shri M. Sawian held the charge of the ST during the period.

³⁷ M/s Meghalaya Lime and Mineral Industries.

³⁸ Shri R.C. Nongkynrih held the charge of ST during the period.

The case was reported to the ERTS Department, GOM in April 2013; reply was awaited (December 2013).

2.19 Irregular adjustment of advance tax – ST, Williamnagar

Irregular adjustment of advance tax on coal led to under assessment of tax of ₹ 11.06 lakh.

In Meghalaya, all dealers engaged in inter-State sale of coal have to obtain ‘P’ forms³⁹ from the STs which authorise the dealers to transport nine MT of coal per truck. An additional security at ₹ 122 per MT is collected at the taxation checkgates in case of trucks carrying coal exceeding nine MT. The COT, Meghalaya, Shillong in August 2012 directed all the STs not to adjust the additional security collected by the checkgates on excess load of coal in all pending and future assessments.

From the assessment records of a dealer⁴⁰ it was seen (April 2013) that the officer in charge of the Dainadubi taxation checkgate collected additional security of ₹ 11.06 lakh from the dealer between April and June 2012 for transporting excess load of 9065 MT of coal and deposited the amount in favour of the ST. While making assessment for the aforesaid period in September 2012, the ST⁴¹ adjusted the additional security of ₹ 11.06 lakh against the tax liability of the dealer in violation of the instructions of the COT. It was also noticed that while adjusting the additional security, the sale turnover of excess coal was not accounted for. Thus, for non accounting of excess turnover, there was irregular adjustment of additional security by the ST leading to underassessment of tax of ₹ 11.06 lakh⁴².

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013)

2.20 Non-detection of fraudulent use of ‘C’ form – ST, Williamnagar

A dealer fraudulently utilised ‘C’ form and evaded tax of ₹ 49.16 lakh on which penalty of ₹ 98.32 lakh was also leviable.

Under Section 8(1)(b) read with Section 8(4) of the CST Act, 1956 every registered dealer who sells goods to another registered dealer in the course of inter-State trade shall be liable to tax at the concessional rate of two *per cent* subject to production of ‘C’ form (s). Inter-State sale of goods not supported by ‘C’ form(s) shall be taxed at the local rate⁴³. Under Section 90 (ix) of the MVAT

³⁹ ‘P’ forms can be obtained on payment of ₹ 1736 per form.

⁴⁰ M/s SR Marak Coal Export

⁴¹ Shri M. Bamon held the charge of the ST during the period.

⁴² Turnover = ₹ 143243403

Tax determined by ST = ₹ 3075607 – ₹ 1105930 = ₹ 1969677

Tax under assessed = ₹ 1105930

⁴³ In Meghalaya, coal is taxable at four *per cent*

Act, if any dealer evades in any way the liability to pay tax, he is liable to pay in addition to tax payable, a sum equal to twice the amount of tax evaded by way of composition of offence.

Test check of the assessment records of a dealer⁴⁴ revealed (April 2013) that the dealer was also registered with ST, Kabaitary of Bongaigaon district in Assam. Between July and October 2010, the dealer sold coal valued at ₹ 24.58 crore to his firm based in Assam in course of inter-State trade and produced one 'C' form numbering AS/96121745 and was accordingly assessed in July 2011 at the concessional rate of 2 *per cent*. Cross-verification of the 'C' form with the Assam Taxation Department's (ATD) website⁴⁵ revealed that the dealer in Assam had actually procured the form for issue to M/s Green Valley Enterprise, Tura for ₹ 5.40 crore. Thus, the dealer fraudulently utilised the form against sales amounting to ₹ 24.58 crore to unregistered dealers in order to avail of concessional rate of tax.

The ST⁴⁶ should have exercised caution by verifying the 'C' form with the ATD website since the 'C' form submitted by the dealer had a high money value of ₹ 24.58 crore. But he failed to ensure this basic check which thereby resulted in under assessment of tax of ₹ 49.16 lakh. Besides, penalty of ₹ 98.32 lakh was also leviable for wilful evasion of tax.

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013).

2.21 Short payment of tax due to under-valuation of price of coal – ST, Williamnagar

Four dealers concealed turnover of ₹ 37.38 crore and evaded tax of ₹ 1.50 crore on which penalty of ₹ 3 crore was also leviable.

Under the provisions of the CST Act, tax on sale of coal in course of inter-State trade is leviable at two *per cent* if the sale is supported by 'C' form (s) otherwise such sale is taxable at four *per cent*. The COT Meghalaya in September 2010 fixed the minimum sale price of coal at ₹ 3044 per MT. Further, under the MVAT Act, if any dealer evades in any way the liability to pay tax, he is liable to pay in addition to tax payable, a sum equal to twice the amount of tax evaded by way of composition of offence.

Four dealers⁴⁷ sold 431811 MT of coal in the course of inter-State trade between January 2011 and June 2012. The dealers disclosed turnover of ₹ 94.06 crore in

⁴⁴ M/s BCMS Traders Pvt. Ltd.

⁴⁵ <http://tax.assam.gov.in>

⁴⁶ Shri M. Bamon held the charge of the ST during the period.

⁴⁷ (i) M/s Haney Marak (ii) M/s Marak Coal Traders (iii) M/s SR Marak (iv) M/s BCMS Traders

their returns for the aforesaid periods instead of ₹ 131.44 crore⁴⁸. The ST⁴⁹ while completing the assessments between November 2011 and May 2012 ignored the minimum rate fixed by the COT and accepted the turnover disclosed by the dealers. Thus, failure of the ST to consider the sale price determined by the COT and assess the returns accordingly resulted in concealment of turnover of ₹ 37.38 crore and evasion of tax of ₹ 1.50 crore. Besides, penalty of ₹ 3 crore was also leviable for concealment of turnover.

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013).

2.22 Concealment of turnover – ST, Williamnagar

A dealer concealed sales of ₹ 6.54 crore thereby evading tax of ₹ 2.62 crore due to failure on the part of the ST to properly link records.

Under Section 45 (2) of the MVAT Act if the Commissioner has reason to believe that the dealer has not accounted for the turnover of sales of goods in his return, the Commissioner shall assess the dealer to the best of his judgement. He may also direct that the dealer shall pay by way of penalty in addition to the amount of tax so assessed, a sum not exceeding one and a half times that amount. Sale of coal in course of inter-State trade is taxable at a concessional rate of two *per cent* if the sale is supported by 'C' form (s) otherwise such sale is taxable at four *per cent*.

A dealer⁵⁰ disclosed sale of coal valued at ₹ 16.46 crore to dealers in Guwahati (Assam) and West Bengal in his returns between April and September 2011 and the entire turnover was supported by 'C' forms. The ST assessed the dealer accordingly in December 2011. However, the records of despatch of coal submitted by taxation checkgates to the ST revealed that during the aforesaid period, the dealer also despatched 21501 MT of coal valued at ₹ 6.54 crore through Umkiang checkgate which is situated on the road connecting Meghalaya with Tripura, Mizoram and the southern part of Assam. Thus the dealer concealed this entire turnover and thereby evaded tax of ₹ 0.26 crore on which penalty of ₹ 0.39 crore was also leviable. The concealment was not detected by the ST⁵¹ although the information relating to the despatch of 21501 MT of coal was available with him.

The case was reported to the ERTS Department, GOM in May 2013; reply was awaited (December 2013).

⁴⁸ Calculated at the minimum rate of ₹ 3044 per MT (as fixed by the COT).

⁴⁹ Shri M. Bamon held the charge of the ST during the period.

⁵⁰ M/s B. Marak Coal Syndicate.

⁵¹ Shri M. Bamon held the charge of the ST during the period.

2.23 Non-forfeiture of excess tax collected under the CST Act – ST, Nongpoh**Excess tax of ₹ 1.26 crore collected by a manufacturing unit on sale of non-taxable goods had not been forfeited.**

The Government of Meghalaya notified on 12 April 2001 that no tax is payable by any eligible industrial unit on the sale of goods in the course of inter-State trade. The ERTS Department, GOM withdrew the aforesaid Scheme on 16 October 2006 and instead notified that in respect of sale of goods in the course of inter-State trade, an eligible industrial unit was to pay CST at the rate of one *per cent* provided the sale is made to registered dealer. Being aggrieved by the notification of 2006, five manufacturing units preferred an appeal to the Shillong Bench of the Gauhati High Court and the Court on 08 October 2010 quashed the notification thereby effectively allowing the manufacturers to avail exemption as provided in the notification of 2001.

A manufacturing unit⁵² sold goods valued at ₹ 56.61 crore between October 2006 and March 2011 in course of inter-State trade and collected tax of ₹ 1.27 crore. The dealer retained ₹ 1.26 crore by way of 99 *per cent* tax remission and paid ₹ 1.27 lakh only into Government account. Since no tax was to be collected on sale of goods, the same was irregular as per the notification of 2001 leading to excess collection of tax. As such, as per Section 61 of the MVAT Act the amount of ₹ 1.26 crore retained by the dealer should be forfeited to the Government. Besides, penalty of ₹ 2.52 crore is also leviable for excess collection of tax.

On this being pointed out (June 2012), the ST stated (March 2013) that reassessment proceedings were underway. A report regarding re-assessment and realisation of tax was awaited (December 2013).

2.24 Incorrect application of rate – ST, Circle-IV, Shillong**Incorrect application of rate led to under assessment of tax of ₹ 2.53 crore.**

It was held⁵³ by the Supreme Court of India that the value of the goods involved in the execution of works contract will have to be determined by taking into account the value of the entire works contract and deducting there from the charges towards labour and services. The Apex court also held that the State Legislature is empowered to tax all the goods involved in the execution of a works contract at a uniform rate which may be different from the rates applicable to individual goods because the goods which are involved in the execution of the works contract when incorporated in the works can be classified into a separate category for the purpose of imposing tax. Accordingly the State Government

⁵² M/s Dyna Roof Pvt. Ltd.

⁵³ Gannon Dunkerley & Co. Vs State of Rajasthan and Larsen & Toubro Vs Union of India [1993] 88 STC 204 (SC).

levied a tax on works contract at a uniform rate⁵⁴ of 13.5 *per cent* after deducting there from, the charges towards labour and services.

Two dealers⁵⁵ executed works contract valued at ₹ 279.05 crore between April 2011 and September 2012 out of which ₹ 215.13 crore was deducted towards cost of labour and services and ₹ 5.36 crore towards sale of declared goods taxable at four *per cent*. On the balance amount of ₹ 58.56 crore, the dealers paid tax at the rate of five *per cent* on ₹ 29.76 crore and 13.5 *per cent* on ₹ 28.80 crore. The ST accepted the turnover disclosed and completed scrutiny of the aforesaid period between June 2012 and February 2013. Since the MVAT Act provided uniform rate of tax at 13.5 *per cent* on goods involved in the execution of works contract, levy and collection of tax at the rate of five *per cent* instead of 13.5 *per cent* was irregular. Thus, failure of the ST⁵⁶ to detect incorrect application of rate at the time of scrutiny led to underassessment of tax of ₹ 2.53 crore on which penalty of ₹ 5.06 crore was also leviable.

The case was reported to the ERTS Department, GOM in April 2013; reply was awaited (December 2013).

2.25 Non-levy of penalty on excess tax collected– ST, Circle-IV, Shillong

Failure of the ST to detect excess collection of tax of ₹ 24.51 lakh by a dealer resulted in non-levy of penalty of ₹ 49.02 lakh.

Under Section 61 (6) of the MVAT Act, if a registered dealer collects any amount of tax in excess of the tax payable by him, he shall be liable to pay by way of penalty an amount equal to twice the sum so collected in addition to the tax payable. In Meghalaya, 'Biscuit' is taxable at the rate of 12.5 *per cent* upto 25 June 2007 and four *per cent* thereafter.

A dealer⁵⁷ sold 'biscuits' valued at ₹ 2.88 crore within the State between July and December 2007 and collected tax of ₹ 36.04 lakh (at 12.5 *per cent*) instead of ₹ 11.53 lakh (at four *per cent*). The ST accepted the returns as correct and completed scrutiny of the aforesaid period in July 2011. Thus, by incorrect application of rate, the dealer collected an excess amount of ₹ 24.51 lakh by way of tax on which penalty of ₹ 49.02 lakh was also leviable. The ST⁵⁸ however failed to notice the collection of excess tax during scrutiny and thus failed to levy the penalty amount.

On this being pointed out (March 2013), the ST in his reply (May 2013) stated that a show cause notice had been issued to the dealer but there was no response

⁵⁴ Schedule IV attached to the Act.

⁵⁵ M/s GR Infra projects Ltd. and M/s BSC & SC JV.

⁵⁶ Shri K. Thabab held the charge of the ST during the period.

⁵⁷ M/s Britannia Industries Ltd.

⁵⁸ Shri K. Thabab held the charge of the ST during the period.

as the dealer had discontinued his business in the State with effect from October 2009. Thus, failure on the part of the ST to make proper scrutiny led to non-imposition and non-realisation of penalty.

2.26 Evasion of tax – ST, Circle-IV, Shillong

A dealer concealed turnover of ₹ 1.58 crore and evaded tax of ₹ 19.75 lakh for which penalty of ₹ 39.50 lakh was also leviable.

Under Section 55(6) of the MVAT Act, if the COT is satisfied that the dealer in order to evade or avoid payment of tax has furnished incomplete and incorrect returns for any period, he shall direct that the dealer shall pay, by way of penalty, a sum equal to twice the amount of additional assessed.

A dealer⁵⁹ dealing in paints (taxable at 12.5 *per cent*) disclosed turnover of ₹ 10.41 crore in his returns between April 2010 and March 2011 and the ST completed the scrutiny accordingly. However, from the audited accounts submitted by the dealer to the ST, it was seen that the dealer actually sold goods valued at a minimum of ₹ 11.99 crore⁶⁰ during the aforesaid period. Thus, the dealer concealed turnover of ₹ 1.58 crore and evaded tax of ₹ 19.75 lakh on which penalty of ₹ 39.50 lakh was also leviable. The ST failed to notice the concealment during scrutiny thereby resulting in evasion of tax.

The case was reported to the ERTS Department, GOM in April 2013; reply was awaited (July 2013).

2.27 Loss of revenue due to non-deduction of tax at source – STs, Circle-I, III, IV & VI, Shillong

Failure of the Block Development Officers (BDOs) to deduct tax at source enabled eight dealers to conceal turnover of ₹ 3.92 crore and evade tax of ₹ 22.27 lakh for which interest of ₹ 18.01 lakh and penalty of ₹ 44.54 lakh was also leviable.

Section 106 of the MVAT Act requires Government Departments/Organisations to deduct tax at source while making payments to contractors/suppliers failing which the person authorising the payment shall be punishable with imprisonment of upto six months or with a fine not exceeding ₹ 10,000. Under Section 90 of the Act, these penal provisions also apply to a dealer who evades tax. However, in lieu of prosecution penalty at twice the tax is leviable under Section 96. Further, under Section 40 of the Act *ibid*, simple interest at the rate of two *per cent* per month on the amount of tax payable is also leviable.

⁵⁹ M/s Berger Paints India Pvt. Ltd.

⁶⁰

Opening Stock	+	value of goods received	–	Closing stock	=	Sale
₹ 0.53 crore	+	₹ 12.37 crore	–	₹ 0.91 crore	=	₹ 11.99 crore

Under the 'Special Rural Works Programme' implemented by the Community and Rural Development Department, GOM, housing assistance in the form of Corrugated Galvanised Iron (CGI) sheets was provided to the beneficiaries of the poor families.

Eight dealers⁶¹ supplied CGI sheets valued at ₹ 3.92 crore between September 2006 and June 2010 to three⁶² Block Development Officers (BDOs) in the State. From the quarterly returns submitted by these dealers to the concerned STs, it was seen that the dealers neither disclosed the turnover nor paid the due tax. As such, failure of the BDOs to deduct tax at source enabled the dealers to conceal their sales of ₹ 3.92 crore and evade tax of ₹ 22.27 lakh. For wilful evasion of tax, the dealer was liable to pay interest of ₹ 18.01 lakh and penalty of ₹ 44.54 lakh.

The case was reported to the Department between January and March 2013; reply was awaited (December 2013).

Recommendation: The State Government should strictly penalise erring Government Departments for failing to deduct tax at source.

⁶¹ (i) M/s Wessli Lyngdoh (ii) M/s Marbañiang Enterprise (iii) M/s K. Shylla (iv) M/s Basgitram Hardware (v) M/s Maruti Hardware (vi) M/s Durga Hardware (vii) M/s Lyngdoh Enterprise (viii) M/s Naga Enterprise

⁶² BDOs-Mylliem, Mawkyrwat and Mawphlang