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**Government of India
Ministry of Finance
Department of Revenue**

New Delhi, dated 17th March, 2010

Mission Mode Project for Computerization of Commercial Taxes administrations

1. Introduction:

1.1 Mission Mode Project for Computerization of Commercial Taxes (MMPCT) administrations of States and Union Territories (UTs) is a part of the National e-Governance Plan (NeGP). The administration of the commercial taxes like VAT, CST etc. involves handling of a large number of dealers, who act on behalf of the State Departments to collect tax from consumers and deposit it in the State treasury. This Scheme to support the States and UTs Governments to computerize their Commercial Tax administering departments is being launched to enable States and UTs to quickly install requisite hardware and application software system in networked environment on a wide-area basis.

1.2 The scheme envisions creation of a modern indirect tax administration environment across the States, supported by a suitably enabling Information Technology (IT) infrastructure that is conducive to investment, economic growth and free flow of goods and services within a common market of India. The Scheme aims at building up the capacities across States harmoniously with flexibility to accommodate locally felt needs while subsuming the already ongoing initiatives. It intends to transform key processes leading to improved service delivery and build capacities among all the stakeholders to enable people delivering the services to perform better and while doing so it adopts a service oriented approach to the process re-engineering. The following guidelines shall be followed by all States while preparing proposals and implementing this scheme.

2. Targeted Services:

2.1 The scheme proposes to provide support to cover the identified gaps in the IT infrastructure so that web-based delivery of basic tax-payer services becomes possible. It is expected that the successful implementation of the scheme would lead to reduced official-dealer interface, reduced response time, faster service delivery, reduced transaction cost, increased transparency and increased accountability. It is anticipated that with the implementation of the scheme States & UTs would be able to provide following facilities to all their dealers: -

1. Online application for registration, its quick processing including electronic submission of query, if needed, submission of online response by dealers and its receipt by the system and facility for tracking the status of the application over web.
2. Online filing of refund application, its processing including electronic submission of query, if needed, submission of online response by dealers, its receipt by system, facility for tracking the status and

transfer of refund amount to the bank account of the assessee electronically.

3. Online filing of returns and periodic reports by dealers, automatic processing of the returns/reports filed.
4. e-payment of tax through at least five banks in each of the States / UTs.
5. Online issue, filing and processing of most of the forms including forms used in inter-State transactions. Electronic submission of query, if needed, submission of online response by dealers, its receipt by the system and facility for tracking of status of the request made over web.
6. Online filing of complaints and its processing including facility for tracking of status over web.
7. Regular display of information related to pending assessments and appeals on State portal.
8. Facility to submit and update landline, mobile phone numbers and email addresses.
9. Display of all Acts, rules, notifications, orders, clarifications etc. related to commercial taxes on the portal.

2.2 In addition to these facilities to the dealers, the system to be developed shall be capable of the following-

1. Generating and delivering automatic notice and reminders to dealers through email / SMS.
2. Easy Monitoring of pendency of various items at different levels.
3. Creation of dealers ledger and 360 degree profile generation through exchange of information with other revenue agencies.
4. Generation of business intelligence reports.
5. Monitoring tax payer and internal audit systems.
6. Easy and systematic information sharing with other revenue agencies, Banks, Treasuries etc.

3. **Important points required to be followed:**

3.1 While developing IT based systems with the support of this scheme, States & UTs are expected to ensure the following in particular –

1. The application software preferably has a centralized architecture.
2. That State Date Centres, SWAN, CSCs being set up under the NeGP are invariably used. In case, any of these is not ready for use immediately,

State/UT need to spell out a clear. Strategy to use these as soon as these are available for use.

3. An appropriate Disaster recovery and business continuity plan is put in place to ensure that system runs 24X365 even in the case of long power outages, floods, earthquake, virus attacks after the funding under the scheme comes to an end.
4. Open standards and frameworks are used to ensure interoperability and prevention of technology lock in.
5. Certification and testing of application by an independent agency like Standardisation Testing and Quality Certification (STQC) is got done as soon as the application is ready for use.
6. The system is developed in such a way that it facilitates smooth migration to Goods and Services Taxes (GST).
7. The standards prescribed by Department of Information Technology, Government of India from time-to-time are followed strictly.

4. Expected commitment from States/UTs

- 4.1 The States/UTs will be required to clearly indicate their commitment and a clear action plan in their proposals with respect to the following:
 1. To bring in required changes in laws (like provision to use digital signatures to facilitate filing of forms, returns etc electronically and make payment of tax and fees etc through e – payment gateway).
 2. To change to a PAN linked/based dealer registration system by 31.3.2011 and to permit seamless exchange of information with other revenue agencies.
 3. To authorize professionals like accounts professionals and legal service providers etc. to run facilitation centres from their premises.
 4. To set up an Advisory Committee comprising of users and stake holders to determine services to be provided and service levels for each of such services.
 5. To prepare and issue a Citizen charter clearly indicating time lines for providing various web based services.
 6. To get the performance of service delivery assessed on annual basis by an external agency and put the findings in the public domain, preferably on the State portal itself.
 7. To prepare and indicate a clear plan to ensure long term sustainability of delivery of the services.

8. To finalize a clear implementation framework proposed to be adopted, e.g., in-house, public private partnership, outsourcing of activities etc.
9. To constitute of Project e-Mission team and deployment of requisite manpower at the State and sub-State level, as per guidelines of NeGP.
10. To take all steps required for capacity building, awareness generation, training and orientation of all stake holders including dealers.
11. To adhere to whatever conditions are fixed by the Project Empowered Committee in Para 5.4 below.
12. To utilize the funds within the time fixed for the same by the PEC.

5. **Submission and approval of Projects**

- 5.1. The project proposals for obtaining funding under the scheme will be prepared as per these guidelines and instructions issued by the Department from time to time by concerned State/UT and will be submitted to Director (State Taxes), Department of Revenue,
- 5.2. All the project proposals must contain an Executive Summary giving salient features of the proposal. The key features of the proposal shall be summarized in Format 1, 2, 3 attached (Annexure I, II and III respectively) and shall invariably be included in the project proposal.
- 5.3. The items/activities that will NOT be supported/funded under the scheme have been listed in Annexure IV, so that these are not included in the proposals prepared and submitted for consideration under the scheme.
- 5.4. A Project Empowered Committee (PEC) chaired by Revenue Secretary has been set-up to consider and approve individual projects. The composition of this Project Empowered Committee is as given under:

1. Revenue Secretary	Chairman
2. Addl. Secretary (Revenue)	Member
3. Joint Secretary & FA, Department of Revenue.	Member
4. Director General (Systems), CBEC	Member
5. Director General (Systems), CBDT	Member
6. One representative of Department of IT	Member
7. Joint Secretary (Revenue)	Member Secretary

The Secretary-in-charge of VAT / Commercial Tax department of the State/UT for which the proposal is to be considered in the meeting of this

committee may be called as a special invitee to the respective meeting of the Project Empowered Committee.

5.5. The Project Empowered Committee in addition to sanctioning individual Project for a State/UTs, may also sanction the project related to sharing of data among various agencies for States. The Project Empowered Committee will be authorized to use the savings, if any, from the estimated cost for a particular State / UT for projects of other States / UTs. Such savings can be used for sanctioning projects for the North Eastern States (which are being supported under the NEVAT project), Himachal Pradesh and J&K (which are being supported under a separate project) and States/agencies, which may send proposals during the scheme period.

6. Project duration and funding pattern:

6.1 State / UT projects will be sanctioned normally for 3 years. In case of some special circumstances/reasons, the period of project implementation may at the most be increased to 4 years.

6.2 The component-wise funding of the project would be as per the norms given below: -

Sl.No.	Component	Suggested proportion as % of project cost for a State	Upper ceiling of the proportion as % of the Project cost for the State	Central Share of the cost of the component
1.	Site preparation	10%	15%	50%
2.	Hardware, including networking equipments and battery backup	45%	70%	75%
3.	Software related cost	20%	30%	75%
4.	Project e-Mission team, consultancy and manpower, Cost for O&M up to two years from the date of sanction	20%	30%	50%
5.	Capacity building of officers, IEC of stakeholders	4%	4%	50%
6.	Certification, performance evaluation, etc.	1%	1%	50%

6.3 The non-recurring expenditure incurred by States/UTs since 1.4.2007 if found admissible, will be retro funded. Soft-costs like manpower costs, operation & maintenance costs etc. will not be eligible for retro-funding. This retro-funding of non-recurring expenditure incurred by States after 1.4.2007 will be as per the component-wise ceiling mentioned in para above and the activities approved by the Project Empowered Committee.

7. Monitoring :

7.1^{*} A Project Monitoring Unit (PMU) will be set up in the Department of Revenue for this Project. The PMU will be headed by Joint Secretary (Revenue). Director (State Taxes) will be the Member Secretary of this PMU. Other members in this PMU will be incorporated depending on the requirement. The PMU will help the Project Empowered Committee in proper appraisal and approval of the Project proposal submitted by States/UTs. The PMU will also monitor the progress of the Sanctioned projects on quarterly basis. The PMU may also make field visits as and when required.

7.2. In addition to this PMU in Department of Revenue, States/UTs will be expected to set Project e-Mission.Tems (PeMTs) as per NeGP norms to guide the implementation of the Project and to take all steps required to successfully execute the project activities in most effective manner.

8. Pattern of release of funds

The release of funds under the scheme will be made on the following basis:-

- i. The release of Central share of funds, will mainly be linked to the achievement of milestones and follow the pattern as indicated at Annexure-III.
- ii. State/UT concerned will be required to release matching State share within 30 days of release of Central share. Matching State share for every Central release will have some ratio to Central share release, which exists between overall State share and Central share for the project.
- iii. The first installment of the Central share will be released immediately after approval of the project by the Project Empowered Committee.
- iv. Subsequent installments of the Central share will be released only after 60% of the total available fund (Central and State share) have been spent on approved activities.
- v. The interest amount accrued on funds released, will be considered part of the scheme funds and shall be shown clearly while maintaining the accounts, reporting expenditure and submitting utilization certificate, audit report etc.
- vi. Timely submission of quarterly physical and financial progress reports as per Annexure V & VI respectively, certificate as at Annexure-VII and will be necessary for consideration and release of all subsequent installments of Central share.
- vii. It will be open for Department of Revenue to get the project activities checked by any of its officers/agencies, whenever felt necessary. It will also be open to Department of Revenue to issue any directions with respect to project activities to any State/UT as it deems fit, from time to time to ensure proper execution of the project activities.
- viii. It will also be open for Department of Revenue to recover funds not utilized on utilized irregularly by any State.

9. **Expenditure under the scheme**

9.1 The expenditure under the Scheme would be met out of the budget provisions from the Demand No. 41, Department of Revenue.

9.2 For the participant States, the expenditure would be met from the provisions under the Sub-Head of Demand 'Grants-in-aid to State Governments' under the budgetary Major head : 3601.01.113.05 "Grants to States for VAT related expenditure"; .00.31-Grants-in-aid.

9.3 For the participant UTs, the expenditure would be met from the provisions under the Sub-Head of Demand 'Grants-in-aid to U.T. Governments' under the budgetary Major head: 3602.01.113.05 "Grants to UTs for VAT related expenditure"; .00.31-Grants-in-aid.

10. **Audit**

10.1 The release of funds under the scheme will be subject to audit by AG and by any of agencies selected by the Department of Revenue.

10.2 Chartered Accountant appointed by the concerned State/UT will have to carry out financial audit of the Project on annual basis. The audit report alongwith action taken on auditor's observations will required to be furnished by concerned state within three months of end of every financial year.

17/3/2018
(Shikhar Agrawal)
Director (State Taxes)

Annexure-I

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Annexure-II

S.No	Item	Proposal
1	e-Registration	Already started / Planned to start from 2010
2	e-Refund	Already started / Planned to start from 2010
3	e>Returns	Already started / Planned to start from 2010
4	e-payment through 5 banks	Already started / Planned to start from 2010
5	Online issue and processing of forms	Already started / Planned to start from 2010
6	e-Redressal Services	Already started / Planned to start from 2010
7	Certification and testing of application by an Independent Agency	Planned / Not Planned
8	Use of State Data Centres	Done / Planned / Not Planned (Reason)
9	Use of SWAN	Done / Planned / Not Planned (Reason)
10	Use of Common Service Centres (CSCs)	Done / Planned / Not Planned (Reason)
11	Disaster Recovery Site (Indicate location)	Already functional at / Planned at
12	Date / Month by which necessary changes in all laws like VAT Act / Rules, Treasury Code etc. will be ensured to facilitate launch of e-services planned under the Project	Done / Will be done by 2010
13	Authorization of professional and legal service providers to run facilitation centres	Done / Planned to start from 2010
14	Date by which PAN numbers of 80% of VAT dealers will be collected	2010
15	Setting up of an advisory committee of users/stakeholders	Done / Planned (to be made functional by 2010)
16	Issue of Citizen Charter for e-services	Done / Planned (to be released by 2010)
17	Assessment of services delivery levels by an external agency and placing its report on website/public domain	Planned (first such report will be placed in public domain by 2010 / 2011)
18	Implementation Strategy	BOOT Model / Direct purchase of Hardware & Development of Software through vendor selected /
19	Date of making PeMT fully functional	Done / Planned (to be done by 2010)
20	Capacity building, training and awareness generation	Planned

ANNEXURE-III

PATTERN OF RELEASE OF CENTRAL SHARE

<u>S.No.</u>	<u>Items</u>	<u>% of Central Share</u>	<u>Status (Done / Planned in FY)</u>	<u>Fund to flow in FY</u>
(1)	(2)	(3)	(4)	(5)
1.	On sanction of the Project	10%		
2.	On completion of the legal changes to facilitate launch of all e-services envisaged	10%		
3.	On collection of PAN numbers of 80% of VAT dealers	10%		
4.	On start of e-registration	10%		
5.	On making e-return filing compulsory for all dealers with annual turnover more than Rs.40 lakhs	10%		
6.	On starting e-refund service	10%		
7.	On starting e-payment facility through at least 3 Banks	10%		
8.	On making data centre functional	10%		
9.	On ensuring setting up of facilitation Centres / enabling CSCs or other kiosks to handle e-services under the project and authoring legal / accounts professional to work as facilitation centre	5%		
10.	On making disaster recovery site functional	5%		
11.	On completion of first external evaluation and placing its report in public domain ensuring required	5%		
12.	On ensuring required certification of application software developed	5%		

Summary

<u>S.No.</u>	<u>Financial Year</u>	<u>Central Share</u>	<u>State Share</u>	<u>Total</u>
1.	2009-10			
2.	2010-11			
3.	2011-12			
4.	2012-13			
	Total			

ANNEXURE-IV

ITEMS FOR WHICH FUND UNDER THE SCHEME WILL NOT BE AVAILABLE:

- i. Cost of any scanner, photocopier, fax machines, biometric devices and cameras or video cameras;
- ii. Cost of scanning the records, whether old or otherwise;
- iii. Cost of construction of buildings, pre-fabricated structure;
- iv. Renovation of buildings, space not directly required for delivering the intended services;
- v. Cost of air-conditioning of various offices, facilitation centres etc.
- vi. Retro-funding of expenditure incurred on project e-mission team, consultancy, manpower for O&M, cost of capacity building of officers, IEC of stake-holders and certification and performance evaluation;
- vii. The cost related to project e-mission team, consultancy, manpower cost for O & M after two years from the date of sanction; and
- viii. Retro-funding of the recurring cost like cost of lease lines etc.

ANNEXURE-V**Quarterly Progress Report for quarterly ending on****Physical**

S.No.	Item/Activity	Approved Deadlines	Status at the end of the end of the quarters
1.	Completion of the legal changes to facilitate launch of all e-services envisaged		
2.	Collection of PAN numbers of 80% of VAT dealers		
3.	Start of e-registration		
4.	e-return filing made compulsory for all dealers with annual turnover more than Rs. 40 lakhs		
5.	Start of e-refund service		
6.	Start of e-payment facility through at least 3 Banks		
7.	Data centre made functional		
8.	Facilitation Centres set up/ CSCs or other kiosks enabled to handle e-services. Legal/accounts professional authorized to work as facilitation centre		
9.	Disaster recovery site made functional		
10.	First external evaluation completed and its report placed in public domain		
11.	Certification of application software done		

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Quarterly Progress Report for quarterly ending on

Financial

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