

Submitted to : Shri Shankar Agarwal, I.A.S, Commissioner Trade Tax, U.P. (2b/6739)

We wish to bring to your kind notice that the aforesaid “circular” has been released as an “order” to Iron & steel Manufacturers & Cheeni Nirmata. The text of this “order” reveals that such manufacturers usually issue duplicate bills & do not enter such duplicate bills in their regular books of accounts, resulting in huge Tax evasion. It has further been clarified that when such Transactions are checked en-route by enforcement wing of Trade Tax, the Dealers enter them in their regular books of accounts in otherwise condition (Non-checking by enforcement Deptt) the transaction is not entered in the regular books of account.

2. The objective of this order as explained is to encourage the upright dealers & to lay a heavy hand on the evaders.

From the perusal of your order, your goodself can very conveniently peruse that the subordinate officers have placed an example of the failure of “enforcement cell” as well as sketchy implementation of the “Rule of Law”. The order under reference manifestly puts two situation. The one when checking is made & the other when checking not made. The inference drawn against “evaders” is indirect, intangible & imaginary one, whereas inactiveness & ineffectiveness of checking squad is a direct inference & demands that the Mobile-squads instead of meddling with technical loop-holes of dealers records and concentrating on futile exercises should come out with a heavy hand on evaders & make checking of evaders, streamline their intelligence, gather data & strengthen their force than making the upright dealers too a scapegoat for the departmental failure. So what is needed is to propel mobile squad computerize, strengthen, streamline, intelligence oriented & objective checking in place.

Your goodself is well acquainted that everywhere there is no computer & there is a specific section providing for the keeping of books by dealers and manufacturers & making computer mandatory will be additionally burdensome for the busimen who do not know the operation & cannot maintain computer.

Then reporting of every movement of individual goods-dispatch instantaneously will warrant employing of a separate additional hand which will feed on the marginal profit remainders. Iron & Steel factories are mostly situated in remote areas suburbs, outskirts of the city where facility of computer and e-mail does not exist.

Internet facilities where ever available remain largely disturbed and out of order.

It is also learnt that the department itself does not have computers installed in all the Additional Commissioner or Joint Commissioner ranges office and wherever there is one it is non functional. Moreover there may not be any one to receive e-mails in departmental office in the Off hours of 5.00 PM to 10.00 AM. Under such situation the vehicles will be detained for long hours for verification by the Department.

There is another difficulty of atleast 12 to 16 hours power cuts in cities other than capital. This will force the computer non functional during power cut. All these factors will cumulatively make the scheme redundant. The evaders in these circumstance will be able to manage their affairs and

the upright dealer will only suffer the burn. As such the objective as laid down in the scheme may not succeed.

Then a clause making non-compliance of the above orders an automatic flow of inference for evasion would amount to an unrestricted hindrance in the operation of the business. We will have no grudge if on detection penalties & assessments are made within the ambit of law.

Your goodself having considered the harshness of situation has modified the original order vide letter 299 dated 23.04.07. But in that too discretions to officers have been given which will culminate in harassment of honest dealers. Daily & every Transactions report from dealer will be very much taxing before Final Assessment. Your goodself with a huge battalion of enforcement officers can monitor the identified evaders & you can watch the result. If officers are non-performing you can make your own conclusions.

=====