

Revenue drive: The good, the bad and the ugly!!

By TIOL News Service

MUMBAI, MARCH 6, 2005 : "SO comes snow after fire, and even dragons have their ending" said J.R.R.Tolkien, a major scholar of the English language. However what does not seem to have an ending are the ingenious and time-tested methods resorted to by Excise officers to project in their statistical reports improved augmentation of Revenue in PLA.

Here's a graded version of the best from the worst methods adopted to 'boost revenue'...

THE GOOD

a) Till December, the duty paying assesseees are a forgotten lot – One amongst the many!!! Come December, the frequency of phone call and personal visits by "Senior Officers" show meteoric rise - The request – freeze Cenvat utilization and pay duty for all clearances, henceforth, in PLA only for the next three months. Sadly, does this exercise serve any purpose? The Budget is a very important document and it cannot be and should be influenced by such 'ambiguous statistics' borne out of such 'compelled' Revenue collections.

b) No sanction of Refund / Rebate in the last three to four months of the financial year – SHUT SHOP is the unwritten directive – And number of hassled exporters are left with no option but to spend time on lengthy (and fruitless) correspondences with the same "Senior Officers" requesting disbursement of their rebate claims.

c) Assesseees are forced to deposit 'duty Under Protest' in regard to issues which are already amidst quasi-judicial proceedings / in the Court etc. For those in the Trade who are ready to succumb to such perpetual coaxing / cajoling and mild threats, the mantra of the Department appears to be **"BEND IT LIKE BECKHAM "**

THE BAD

d) All exports will be done only under Rule 18 of Central Excise Rules 2002 i.e on payment of duty. The catch - Payment of duty should be through PLA only.

Overheard a "Senior Officer" in conversation with his "favourite" Superintendent, "If my posting is at stake (Taxindiaonline carried the news of non-performing officers to bear the burnt in the next AGT), I don't care about yours (read posting). Any further exports under Bond / LUT from your Range and you find yourself in Statistics"-- May be, in hindsight, the hassled Superintendent should have mustered some guts to quote Finagle's Fourth Law – **"Once a job is fouled up, anything done to improve it only makes it worse".**

THE UGLY

e) In hushed tones, assesseees are requested to deposit large amounts in PLA. All such deposits in PLA will also be shown as duty collected in PLA in the last month of the current financial calendar. Needless to add, the same amount will be repeated in the statistical jargon in the coming year as 'actual debits'. Budget projects the total receipts (tax, non-tax and Capital receipts) and almost half of such receipts are generally expected to come from tax revenue. If such manipulated figures continue to be part of our Budget exercise, this important policy tool will be sadly rendered redundant.

Dear F.M, hope you are listening . Act NOW !!! May be it's time to recollect and implement the Fetts law of the Lab, at least next time around –

"Never replicate a successful experiment" or else the "Non reciprocal law of Expectation" may predictively get applicable.

(Contributed by a netizen)

Sequel - The Good, the bad and the ugly !!

"**TO** collect all the taxes owed --- that is, to close the tax gap, is an impossible task"
so said Berdji Kenadjian.

Only if, our F.M was privy to the above quote!!! His mantra as on date is to achieve the revenue targets, come what may. However, he should seriously take time out to study the utter mess being purported at the lower levels in the name of 'meeting Revenue Targets'..... Netizens may already have browsed through the methods which 'boost revenue collection' in the article "Revenue drive – The Good, The Bad and The Ugly". Here's a couple of ingenious methods devised to 'achieve targets' .. This time around netizens may like to grade them, at their own peril !!!

a) Date - March 05, 2005 ; Time 16.30 hrs ; Location : Range office , Central Excise :

Scene I : Situation – Reporting of revenue figures to the Head Quarters;

Range Superintendent in conversation with his Inspector – “ Get ready to pack your bags for your non sensitive posting – same with me , too !!! . The Cenvat utilization is Rs 3.12 crores as compared to PLA payment of Rs 2.56 crores – Mind you, we have had it, this time around”.

Reply from Inspector “But Sir, what more can we do? We have requested all the assesseees in our Range – met their key officials in person – made written correspondences – almost begged our way into making them pay a sizeable amount in PLA – forced them to export their goods by making debit in PLA only. The moot problem is that we have been given an unrealistic and virtually impossible revenue target. You did not oppose then, the Divisional Deputy Commissioner did not oppose – ditto , to our Commissioner Saab as well – What's the point in crying now !!!!

Scene II : The phone rings –

Range Superintendent picks up the phone --- Ha bhai, kaun bol raha hai ?

From the other side of the line , a miffed and agitated voice – Additional Commissioner.

Superintendent :- Sorry Sir , Sorry Sir !!!.

Additional Commissioner : Okay , Okay – Tell me what is the Revenue position ---
Superintendent : Rs 2.56 crores in PLA and Rs 3.12 crores in CENVAT.

Additional Commissioner : Very bad !! more in CENVAT in your range as well ---
Now, do one thing – Report only Rs 1.12 crores in CENVAT.

Superintendent : But Sir, how can I do that ? The Budget Head wise report and other reports will not tally. When the monthly returns are fed by the Computer Section, the figures will be vastly different than the actuals !!

Additional Commissioner : Arey , you cannot manage this much ? Do it , I am saying so.

Superintendent : Yes Sir !!!

Scene III : Revenue figures for Feb 2005 of the Commissionerate is being reported on phone to the Chief Commissioners office :

Superintendent : Rs 40.80 crores in PLA . Rs 15.20 crores in CENVAT.

Deputy Commissioner, CC Office : Great work !! You have kept the CENVAT utilization down this time – Next month , CENVAT should be zero –

Superintendent : Ha Sir, saab planned hai !! Under Control – No problem, next month CENVAT payment zero hogo !!

Deputy Commissioner : Good – Only if the other Commissionerates were as efficient as you guys – You really have a good Additional Commissioner to monitor things !!!!

Hopefully, there is a Happy Ending to this story – March 31st – PLA payments will be

augmented – May be, couple of “zeroes” are added to “the actuals” – The Cenvat payment will be shown zero !!! The bosses are happy ... All’s well that ends well !!!!

b) Scene I : An audit Superintendent in conversation with an ` officer friendly assessee”

Superintendent : Dekho – Sab teek hai ! Lekin , we have to show some performance -- Boss , wants recovery from every company !!!

Assessee : Bolo Sir, can we help you in some way – Lekin , hamara Nuksaan nahin hona !!!

Superintendent : I am here , don’t worry – In your Cenvat Register for yesterday’s entry in Cenvat credit , add one zero i.e you have taken credit of Rs 2, 10,000 /- . Add one zero . Make it Rs 21,00,000/- . I will point out the same. You will reverse the extra amount – Almost Rs 18 lakhs will be credited to my performance ... No problem for you !! No show cause notice – No payment of interest ---

Assessee : Kya baat hai Sir, Ek dum Badiya --- Done , Sir !!! Done –

Scene II : Monthly recovery position is being reported

Superintendent : Rs 32 lakhs from two units.

Deputy Commissioner : That is good and fast – Within three days, Rs 32 lakhs recovered .. Very good !!!

Superintendent : Sir, Mera choice ka units de do !!! I will give more `recovery’..

Deputy Commissioner : You have it , my boy – Keep it up .. In March , I want Rs 1 crore recovery – minimum ---

Superintendent --- Ek , do , Zero ka savaal hai , Sir !!!

Deputy Commissioner – Kya ? Kya ??

Superintendent – Trade Secret hai Sir !!! You just bother about the results ----

Deputy Commissioner – Yes !! Yes !!!

c) I can visualise few amongst you browsing through this article, saying that `this has been penned by a pessimist’ – After all, there are genuine recoveries as well !!! Yes !! Absolutely --- Some astounding statistics as well – Rs 20 crores recovery by Anti-Evasion / Audit in one month by a Commissionerate --- In PLA, you may ask ? Yes !!! Of course !!! But which Corporate house has paid the same – in one stretch , one go – without protest ??? Na , Na !!! The same has been paid by a Government Undertaking ... Okay , Fine – A case of revenue from one pocket to the other –

Does it serve your purpose , Mr F.M ??? If yes, that is the only viable recourse left , apart from various methods of statistical manipulations !!! Did I hear, you are putting on your thinking cap , again ??? Please, Please do so – At least for the next financial year !!!!

(Contributed by a concerned netizen)