

## **Customised Large Tax Paying Units make better sense for the new concept**

**By Dr G Sreekumar Menon, Commissioner of Customs & Excise**

**SHORTLY**, Commissionerates of Direct and Indirect Taxes are to be re-engineered, reinvented and mapped for operational improvement. Large Tax Paying Units (L.T.U.'s) are all set to emerge in different parts of the country and all Rs one crore and above duty-paying units are set to congregate among the proposed LTUs. This daring initiative will redefine jurisdictions and upset the comforting jumble of existing Commissionerates that dot the country. If statistics are to be believed there are just about 5500 industries approximately that pay Central Excise duty of Rs One Crore and above annually! Duty paying arithmetic was one of the reasons for proliferating Commissionerates and multiple Commissionerates in metros. Incredible as it appears, but this very same arithmetic is all set to initiate the disintegration of Commissionerates, all on account of developments in information technology.

Not only setting up of L.T.U.'s but customization of L.T.U.'s will become inevitable in the coming days. The Petroleum sector accounts for a major chunk of revenue both on Customs and Excise fronts. Presently the oil companies are functioning under different Central Excise and Customs Commissionerates spread out across the country, resulting in varied tax enforcement investigations and interpretations. There is an urgent need to carve out an exclusive L.T.U. with all India jurisdiction exclusively for oil refining and marketing majors – Indian Oil Corporation (I.O.C.), Hindustan Petroleum Corporation (HPCL), Bharat Petroleum Corporation (BPCL) and government owned refineries at Kochi, Chennai, Bongaigaon and private refineries at Mangalore and Jamnagar. It would be eminently sensible to dedicate one L.T.U. exclusively for the Petroleum sector so as to develop inhouse expertise to adapt/bring out new applications to meet tax administration requirements.

We should be able to streamline our processes and procedures in a comprehensive manner to meet future expectations. Such a move would facilitate smooth and uniform implementation of policies, procedures and interpretations, apart from indirectly contributing to the emergence of a specialized cadre of petroleum experts. Presently, several issues relating to the Petroleum sector are entrapped in litigation and pending at various fora including clearance from the Committee of Secretaries. There is thus heavy wastage of manpower and time in such unproductive litigation between government Departments. Uniformity in implementation and interpretation of oil sector related policies would eliminate frivolous litigation and help conserve valuable man power and financial resources. Hence there is a need for a specialized Commissioner (Petroleum Appeals) post as also an exclusive CESTAT Bench only for this sector. The constant necessity to interact with the Ministry of Petroleum necessitates that the Petroleum L.T.U. be located at New Delhi. Similar customized L.T.U.'s can be designed and structured for other fast growing sectors like pharmaceuticals and automobiles. Only customized L.T.U.'s can ensure tax payer convenience.

**(The views expressed are strictly personal)**