



# Goods and Services Tax & Inter-departmental collaboration

An Overview for Officer- Trainees 2025

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# Overview

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# The Revenue Powerhouse of Telangana

60%

of State's Own Tax Revenue contributed by  
Commercial Taxes Department

## Financial Year 2024-25

The Commercial Taxes Department collected ₹75,143 crores out of the total State's Own Tax Revenue (SOTR) of ₹1,29,407 crores. This substantial contribution positions the department as the primary revenue driver for Telangana's fiscal health and development initiatives.

Understanding this critical role is essential for all Officer-Trainees as taxation policy and enforcement directly impact the state's capacity to deliver public services and infrastructure development.



# Functions of the Department

The Commercial Taxes Department administers multiple taxation frameworks that form the backbone of Telangana's revenue machinery. Each Act serves a distinct purpose in the broader fiscal ecosystem.

## TGST Act, 2017

Primary tax on supply of most goods and services within the state under the GST regime

## Telangana VAT Act, 2005

Levied on goods outside GST net: petrol, diesel, and alcoholic liquor

## Profession Tax Act, 1987

Mandatory tax on all earning individuals, both salaried and self-employed

## Central Sales Tax Act, 1956

Levied on interstate sale of goods not covered under GST





# The Three Core Components



GST employs a sophisticated three-tier structure designed to ensure equitable revenue distribution between Central and State governments whilst accommodating the federal nature of Indian governance.

## CGST

Central Government levy on intra-state transactions

## SGST/UTGST

State/UT levy on intra-state supply of goods and services

## IGST

Levy on inter-state supplies and imports



# ITC & Destination-Based Framework



## Input Tax Credit Mechanism

The cornerstone of GST, ITC allows businesses to claim credit for tax paid on inputs, **eliminating the cascading effect**. Tax applies only to the net value added at each supply chain stage, reducing the overall tax burden.



## Destination-Based Taxation

A fundamental shift from origin-based systems. Tax revenue flows to the state where **goods or services are consumed** rather than produced, ensuring fairer distribution aligned with actual economic activity.



# GST Administrative Structure

Dual Authority & Taxpayer Division

## Dual Administration

CBIC and State tax authorities share full powers to administer all GST components on their Tax Payers

## Cross Empowerment

Cooperative federalism through unified governance under GST Council framework

As on 01<sup>st</sup> July, 2017 Taxpayers Above ₹1.5 Crore

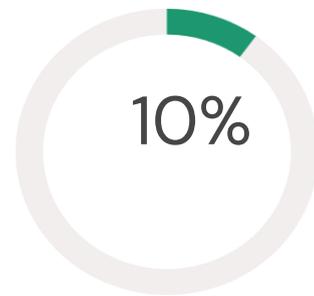
50%

Central Authority  
Equal administrative control

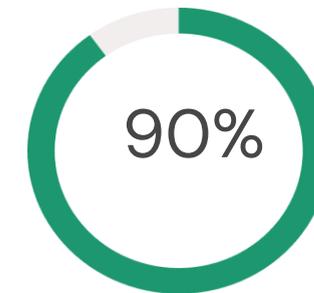
50%

State Authority  
Equal administrative control

As on 01<sup>st</sup> July, 2017 Taxpayers Below ₹1.5 Crore



Central Authority



State Authority  
Leveraging local expertise

After 01<sup>st</sup> July, 2017, allotted between Centre and State formations on round robin basis.



# Technological & Institutional Backbone

## GSTN Platform

The Goods and Services Tax Network provides the entire digital infrastructure through a non-profit public-private partnership model.

## GST Council

The constitutional body (Article 279A) comprising the Union Finance Minister and state representatives ensures cooperative federalism through consensus-driven policy recommendations.

- Tax rate determination
- Exemption frameworks
- Threshold specifications
- Administrative procedures

### Registration

PAN-linked, unified online portal

### Return Filing

Automated GSTR-1 and GSTR-3B submissions

### Digital Payments

Seamless tax remittance system

### Invoice Matching

Real-time verification to prevent evasion



# Scope for Evasion of Taxes

Bogus transactions pose a significant threat to GST revenue collection. Understanding these fraudulent mechanisms is essential for effective enforcement and inter-departmental coordination.



## Fraudulent Registrations

Obtained for Transporting goods across state boundaries without detection and suppressing turnovers to evade tax payments – **generate e-waybills but do not declare taxes**



## Inflated Turnovers

Artificially inflating business turnover figures to obtain bank loans under false pretenses – **Issuing invoices without movement of goods or supply of services**



## ITC Trading

Input Tax Credit being traded as a commodity, passed on to those in need through bogus invoices – **Cash Liability set off by purchase of ITC**



## Fraudulent Refunds

Obtaining tax refunds through fabricated documentation and false claims – **Fraudulent Foreign Inward Remittance Certificates**



# Why is Co-ordination important ?



## Partners in Growth – Vision 2047

Telangana aims to become a **3 billion dollar economy**, with taxation as the key contributor to this ambitious growth trajectory. Achieving this vision requires officers who embody critical professional qualities.



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### Adaptability and Flexibility

Responding effectively to policy changes and technological evolution



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### Teamwork and Coordination

Collaborating across departments for effective fraud prevention and revenue realization



# Inter-Departmental Coordination: Revenue Department-Land Administration

## Immovable Property Details

The Revenue Department provides crucial information on immovable properties for the purpose of **recovering tax dues from defaulters**. This data forms the foundation for enforcement actions and asset attachment proceedings.

## Protest Petitions

Coordination on objection applications helps prevent mutation of properties where tax disputes are pending. This mechanism ensures that property transfers do not circumvent outstanding tax liabilities, protecting state revenue interests.

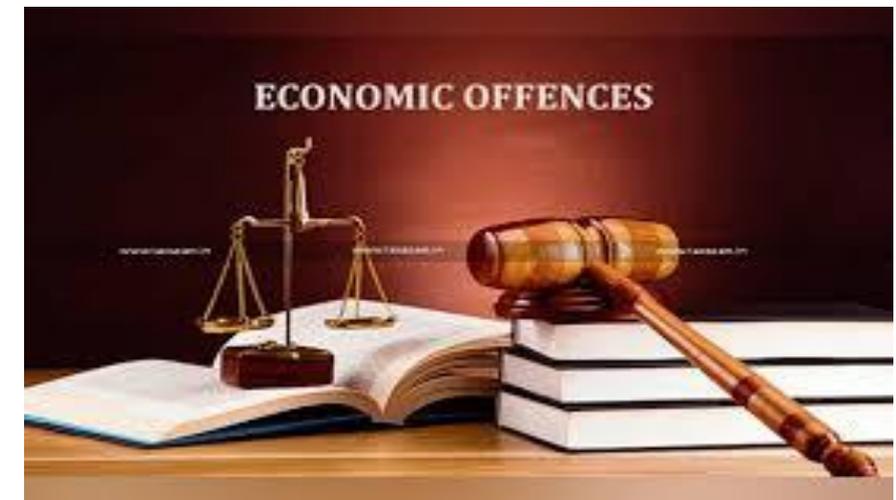


# Inter-Departmental Coordination

## Police Department



The Economic Offences Wing works closely with taxation departments to identify bogus transactions. Mutual data sharing and registering FIRs for bogus identities (goods moving without proper documentation) **strengthens enforcement capabilities against tax evasion.**





# Inter-Departmental Coordination

Excise Department



Revenue from sale of liquor represents significant state income. Data exchange on Extra Neutral Alcohol (ENA), distilleries, and breweries enables comprehensive monitoring of the alcoholic beverage supply chain and ensures proper tax compliance.





# Inter-Departmental Coordination



## Municipal Administration

Occupancy Certificate Data – identifying builders/developers not registered under GST

Also useful in timely realization of dues.

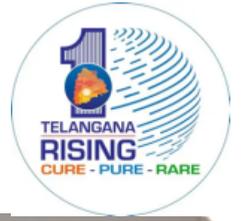
Commercial establishments property tax data – mutually beneficial.



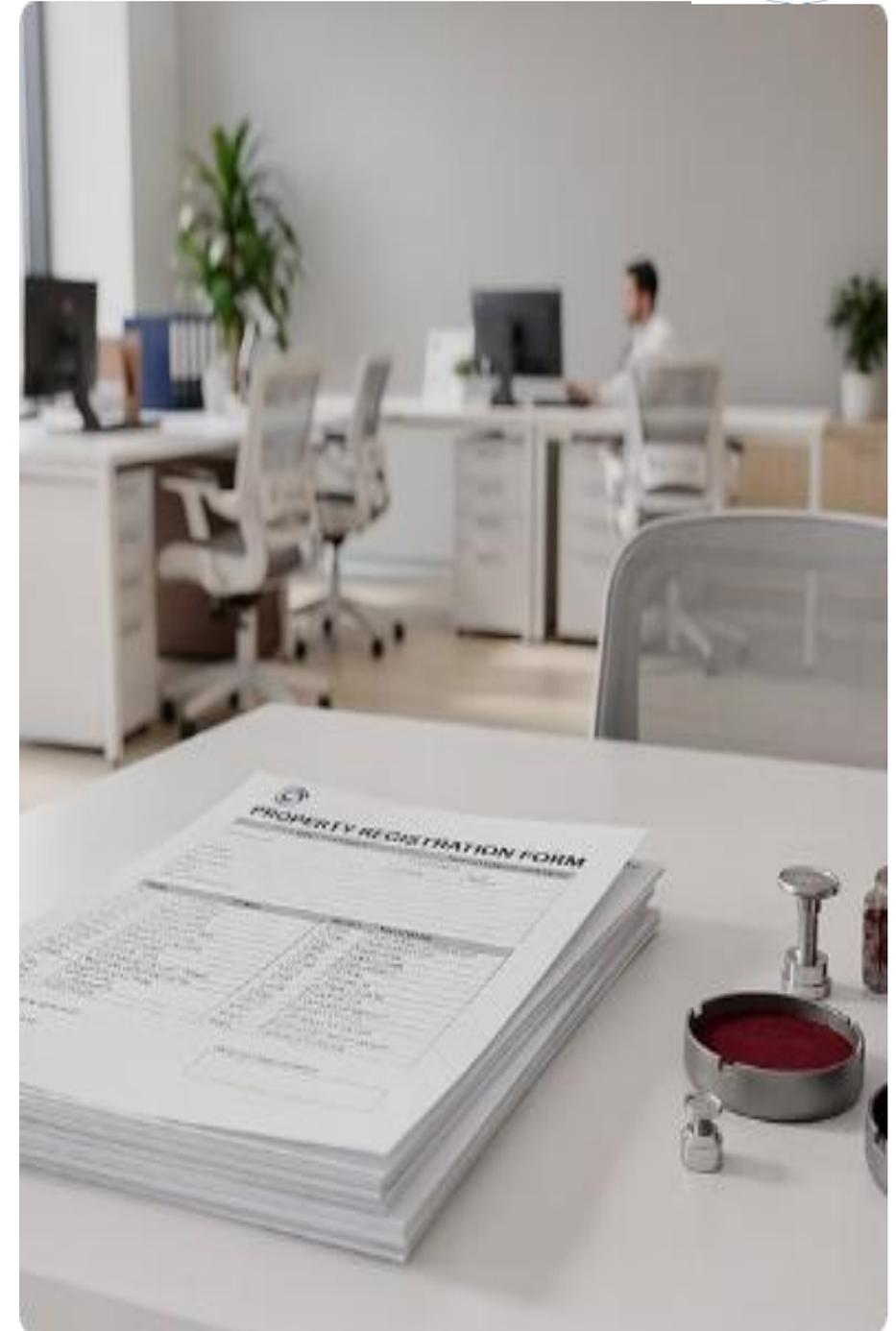


# Inter-Departmental Coordination

## Stamps and Registration



Lease deed registration data enables verification of GST payments on lease rentals. Commercial property obtained on lease - ensures proper registration of lease agreements.





# Inter-Departmental Coordination

## Road Transport Department



The Road Transport Department provides critical intelligence for tax enforcement and compliance verification across multiple dimensions of commercial activity.

1

### Vehicle Movement Data

Identifying vehicles used for goods movement, including type, capacity, transporter details and RFID tracking data

2

### Vehicle Registration Records

Details of vehicles registered in the state enable verification of taxes paid, particularly crucial as automobiles form a major portion of state revenue

3

### Financial Lessor Information

Data on financial lessors supports verification of GST payments on vehicle leasing transactions



# Inter-Departmental Coordination



## Treasury Department

### Payment Release Protocols

It is proposed to introduce a mechanism where Treasuries conduct online verification of contractor dues before releasing government payments, ensuring tax compliance

### Revenue Protection

This coordination mechanism prevents tax defaulters from receiving Government funds whilst maintaining outstanding liabilities



## Labour Department

Employee data from shops and establishments helps recover profession tax dues and bring businesses above threshold turnover into the taxable net. Trade licence information provides crucial enforcement intelligence.





# Adapting to Emerging Changes

Rapid technological advancement and legislative reforms are reshaping departmental operations across Telangana's administration. Officers must remain current with these transformative changes.

## Land Titling Systems in India

### Presumptive Titling

India maintains land records based on possession, determined through past transactions—sale deeds, inheritance records, mortgages, and leases. Ownership rests on current possession, but registration papers don't guarantee legal title. The government provides no ownership assurance.





# Issues with Presumptive Land Titling



## Litigation Prone

Land disputes account for two-thirds of all pending court cases (World Bank, 2007). NITI Aayog reports these cases take an average of 20 years to resolve—clogging courts and delaying justice.



## Investment Risk

Investors currently face constant risk that ownership may be questioned. Transaction-based titles require maintaining entire chains of records—disputes on any link create ownership ambiguity and threaten entire investments.



## Hinders Economic Activity

Unclear titling creates hurdles for infrastructure and housing construction, causing costly delays. Urban bodies struggle to levy property taxes without clear ownership data. Resolving this unlocks economic growth.



## Inaccessible Agricultural Credit

Small and marginal farmers cannot prove ownership to access formal bank credit. Without land as collateral, they fall prey to unscrupulous moneylenders—entrenching cycles of debt and rural poverty.

Way forward ?

# The 3 Core Principles of Conclusive Land Titling ~Torrens

Ensuring certainty, simplicity, and security in property conveyancing

## The Mirror Principle

**Complete accuracy:** the Record reflects all material facts relating to title at any moment

- Real-time reality of land status

## The Curtain Principle

**Protection from history:** purchasers need not investigate past transactions

- Mirror(Record) acts as protective "curtain"
- Reliance solely on current certificate
- Safe, simple, swift conveyancing

## The Insurance Principle

**State guarantee:** compensation protects against Record errors

- Financial remedy for fraud or error
- Innocent parties compensated
- Maintains confidence in system integrity



# Collective Efforts for State Growth

Only through coordinated efforts across all departments can Telangana chart its path to becoming a **3-billion-dollar economy by 2047**. Every officer plays a vital role in this transformation.

## Continuous Learning

Stay abreast of latest developments in your department and related fields

## Vision 2047

Contribute to Telangana's ambitious growth trajectory through professional excellence



## Inter-Department Coordination

Build strong working relationships across departmental boundaries

## Effective Administration

Managing public affairs, resources, and institutions to meet societal needs with transparency, accountability, and efficiency

Your dedication, adaptability, and collaborative spirit will determine our collective success in building a prosperous Telangana.

Thank you