

NINTH MIZORAM LEGISLATIVE ASSEMBLY



**SUBJECT COMMITTEE - III
(2025-2026)**

FOURTH REPORT

On

**ACTIONS TAKEN BY THE GOVERNMENT AGAINST THE
RECOMMENDATIONS CONTAINED IN THE FIRST REPORT OF
THE SUBJECT COMMITTEE - III (2024-2025)**
(Ref. FIRST REPORT OF SUBJECT COMMITTEE – III)

Relating to

FINANCE DEPARTMENT (TAXATION)

Presented to the House on 12.03.2026

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(i)

COMPOSITION OF SUBJECT COMMITTEE-III
(2025-2026)

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Pu T. Lalhlimpuia

Members

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2. Dr Lorrain Lalpekliana Chinzah
3. Pu C. Ngunlianchunga
4. Pu Robert Romawia Royte
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| 5. Pi Rodingliani Zadeng | - | Under Secretary |
| 6. Pu John Lallawmsanga Sailo | - | Committee Officer |

INTRODUCTION

1. I, the Chairman, Subject Committee-III, having been authorised by the Committee, do present this Fourth Report on Action Taken by the Government on the Recommendations of the Committee contained in the First Report (9th Mizoram Legislative Assembly) relating to Finance (Taxation) Department, Government of Mizoram.
2. The First Report was presented to the House on the 27th of August, 2025. Implementation Report of the Government to the Recommendations contained in the First Report was received on the 24th of November, 2025 and the 16th January, 2026. The Committee examined the implementation reports at its 13th Sitting held on 29th January, 2026.
3. Annexures are kept in the Assembly Secretariat for reference.
4. The Committee examined and adopted this Report on the 24th of February, 2026.

T LALHLIMPUIA
Chairman
Subject Committee - III

(iii)

REPORT

1. This Report of the Committee deals with Action Taken by the Government on the 13 (thirteen) recommendations contained in its First Report relating to the Finance (Taxation) Department, which was presented to the House on the 27th of August, 2025.
2. The Committee examined the implementation report submitted by the Health & Family Welfare Department, and the decision of the Committee may be categorised as follows:
 - i) Chapter I - Implementations which have been accepted by the Committee.
 - ii) Chapter II - Implementations which the Committee decided not to pursue in view of Government's reply.
 - iii) Chapter III - Implementations which have not been accepted by the Committee and on which it has made further recommendations.

CHAPTER – I

IMPLEMENTATIONS WHICH HAVE BEEN ACCEPTED BY THE COMMITTEE

1.1.1 RECOMMENDATION

(vide para 1.21 of the First Report of Subject Committee- III)

With respect to the attachment of the Taxation Department under the Finance Department Secretariat, the Committee is cautious of the possibility of a crossover of services between the Finance Department and that of the Taxation Department in the long run. The Committee noted that both Departments require high expertise developed through years of service, but each service has significant differences.

Although the Committee was assured of the existence of separate Recruitment Rules for the Departments, the Committee **recommends that proper care and necessary action be made to safeguard the sanctity of each service, viz, the Finance Department and that of the Taxation Department. The Department should take steps in this regard, and the Committee should be apprised of the same.**

1.1.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“The Department fully acknowledges the Committee's concern that both the Finance Department and the Taxation Department require specialized expertise developed over years of service, and that the functional domains of the two Departments are distinct and necessitate the preservation of their respective professional competencies.

In this regard, the Department confirms that separate Recruitment Rules (RRs) for the two Departments are in place, thereby providing a clear framework that delineates the career progression, duties, and responsibilities specific to each service. Nevertheless, in light of the Committee's recommendation, the Department has undertaken a review of the existing administrative structure and service conditions to ensure that the sanctity of the Taxation Service is safeguarded.

The Department also created **Taxation Wing** under Finance Department at Secretariat. This initiative is intended to pave the way for preventing any possibility of a crossover of services between the Finance Department and the Taxation Department in the long run.”

1.2.1 RECOMMENDATION

(vide para 1.22 of the First Report of Subject Committee- III)

Observing the Department's reply to the Committee's query regarding loss of taxes due to "Departmental Works", which states, "To levy and collect tax, there should be a supply of goods and services or both as provided under Section 9 of the Mizoram GST Act, 2017. "Supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. Since there is no supply of goods and/or services under such "Departmental Works", there can be no incidence of taxation.

From this Department's point of view, the only course of action that can be taken to safeguard leakage of tax revenue is to restrict or stop such "Departmental Works" altogether and avail the services of registered works contractors."

The Committee, observing the loss of taxes by the Government due to "Departmental works" executed by the Government, **recommends that the Government take necessary action to avoid losses of taxes due to "Departmental Works" executed by the Government in various departments.**

1.2.2 ACTION TAKEN BY THE GOVERNMENT

((vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

"Department acknowledges the Committee's concern that large-scale execution of works through this mechanism may result in a loss of potential tax revenue to the Government.

To avoid loss of potential tax revenue the Department issued Office Memorandum (**Annexure-III**) to instruct all Departments under Government of Mizoram to surrender 10% of Contractors' Profit to the Government account in case of works which are executed departmentally.

The Government set up a study Team under the Chairmanship of Pu TBC Lalvenchunga, Adviser to Chief Minister (Finance & Planning). The Study team had recommended that Execution of works through registered contractors should be encouraged and practice by all departments- both works and non-works Departments. Department execution of works may be undertaken only on exceptional cases where it is justified by the nature or urgency of the situation."

(Annexures are kept in the Secretariat for reference)

1.3.1 RECOMMENDATION

(vide para 1.23 of the First Report of Subject Committee- III)

The Committee, observing the Department's preliminary information, wherein it was stated that the Department faces a challenge due to a shortage of funds for effective tax enforcement and the absence of a separate budget for the enforcement of the Tax Laws within the State, **recommends that a separate provision of fund for the imposition of tax be made from the next financial year.**

1.3.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“The Committee, observing the Department's preliminary information, wherein it was stated that the Department faces a challenge due to a shortage of funds for effective tax enforcement and the absence of a separate budget for the enforcement of the Tax Laws within the State, **recommends that a separate provision of fund for the imposition of tax be made from the next financial year.**”

CHAPTER – II
IMPLEMENTATIONS WHICH THE COMMITTEE DECIDED NOT
TO PURSUE IN VIEW OF THE GOVERNMENT’S REPLY

-Nil-

CHAPTER – III

IMPLEMENTATIONS WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND ON WHICH IT MADE FURTHER RECOMMENDATIONS

3.1.1 RECOMMENDATION

(vide para 1.12 of the First Report of Subject Committee- III)

The Committee observed the statement, “Section 9(1) of the Mizoram GST Act, 2017 defines the taxability of supplies of goods and services as – “Subject to the provisions of sub-section (2), there shall be levied a tax called the Mizoram goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person” and **recommends that the government take proactive action in addressing the loopholes relating to the existing law and rules of taxation, which may result in loss of taxes for the Government.**

3.1.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“The Department is actively reviewing the relevant provisions of the Act, the corresponding Rules, and departmental practices to identify areas that may require amendment, clarification, or procedural strengthening.

A detailed examination is being undertaken by the Policy and Law Wing in consultation with field formations to ensure that potential leakage of revenue is prevented. Where necessary, proposals for suitable amendments, notifications, or circulars will be submitted to the GST Council or Government, wherever applicable, for consideration. Further, measures aimed at improving compliance, enhancing monitoring, and strengthening enforcement are also being initiated.”

3.1.3 FURTHER RECOMMENDATION

The Committee recommends that the Department provide the Committee with the outcome of the detailed examination conducted by the Department’s Policy and Law Wing, in consultation with field formations, to prevent potential revenue leakage.

3.2.1 RECOMMENDATION

(vide para 1.13 of the First Report of Subject Committee- III)

The Committee sought clarification regarding the online project for the Computerisation of Registration of Societies as the Non-Tax collection in the form of Registration Fees under the Mizoram Societies Registration Act, 2006 as managed by Taxation Department to which the Department indicated that the project is in its final stages, but officials explained that the project is more complex than initially anticipated. They further noted that challenges are being encountered at the payment gateway, and as a result, no definitive timeline or resolution can be provided at this moment.

The Committee therefore recommends that due action be taken to complete the online project for the Computerization of the Registration of Societies.

3.2.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“The Department acknowledges that the project has experienced delays due to technical complexities that were not foreseen during the initial planning stage. In particular, integration issues relating to the payment gateway have required additional coordination with the service provider and other technical agencies.

The Department is actively engaging with the implementing agency to resolve the outstanding issues at the earliest. Once the payment gateway and related modules are stabilized, the system will undergo final testing before deployment.

The Department remains committed to completing the online computerization project at the earliest possible time and will take all necessary steps in line with the Committee's recommendation.”

3.2.3 FURTHER RECOMMENDATION

The Committee recommends that the result of the said Department's commitment to completing the online computerization of the said project be forwarded to the Committee.

3.3.1 RECOMMENDATION

(vide para 1.14 of the First Report of Subject Committee- III)

The Committee observed the statement made by the Department, which states, “Services provided by Coaching Institute fall under 18% taxable services as per Sl. No. 30 of Notification No. 11 of 2017-State Tax (Rate) dated 7.7.17 read with Notification No. 11 of 2017- Central Tax (Rate) dated 28.6.2017 (Extract copy enclosed).

The Committee, therefore, **recommends that the Government take necessary action, as per law, from a taxation perspective, regarding coaching institutes in the state. The Department responsible, if any, for the registration of coaching institutions, should provide necessary information to the Taxation (Finance) Department.**

3.3.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25 and No.A-21013/5/2025-ESTAB-FD-Part(1), dated 16th January, 2026)

“ In compliance with the Committee's recommendation, the Department has initiated steps to identify coaching institutes operating within the State that are liable for registration under the provisions of the GST Act.

At present, the Specialized Wings- such as GST Policy and Law Wing, Intelligence Wing, Enforcement Wing, Audit Wing and Recovery Wing created by the Government have not been provided with the essential physical facilities required for its day-to-day operations. The absence of a properly designated room, along with the lack of basic office setup such as workstations, storage space, and other supporting infrastructure, has resulted in considerable difficulty in carrying out its mandated responsibilities.

Due to these limitations, the officers and staff attached to the Wing are unable to perform their assigned duties in an efficient and coordinated manner. The intended objectives for which the Wing was constituted remain largely unachievable under the current circumstances. The lack of an appropriate work environment also hampers timely processing of matters and effective supervision.

Once the necessary infrastructure is put in place, the enforcement functions entrusted to the Specialized Wing can be made fully operational under the Department, enabling it to carry out its responsibilities in a structured, coordinated, and effective manner, in alignment with the objectives for which it was constituted.

The Department remains committed to implementing the Committee's recommendation in full and ensuring proper tax compliance among coaching institutes in the State.”

“In compliance to this recommendation an OM on subject - **"Mandatory Inter-Departmental Coordination and Intimation to the Finance (Taxation) Department for Coverage of Certain Service Providers under the Mizoram Goods and Services Tax Act, 2017 Regime - reg"** was issued on 09/01/2026 directing all concerned to extend full cooperation to Finance (Taxation) Department/ Commissioner of State Tax and to mandatorily inform and intimate the Department/ Commissioner of all service providers operating under their administrative control, including, but not limited to, Hotels & Homestay, Gymnasiums, Coaching Institutions, Futsal Facilities, Picnic Spots, Recreational, Sports and Leisure Establishments, stone quarry and mining and other similarly placed service sectors, wherever applicable.”

(Annexures are kept in the Secretariat for reference)

3.3.3 FURTHER RECOMMENDATION

The Committee, expressing its concern over the declining growth rate of tax collection in Mizoram and the need to address the same, notes with dismay the inordinate delays in the proper functioning of the specialized wings, even after their establishment, in line with the objectives for which they were constituted.

The Committee, appreciated the Department’s initiative in issuing an OM on subject – “Mandatory Inter-Departmental Coordination and Intimation to the Finance (Taxation) Department for Coverage of Certain Service Providers under the Mizoram Goods and Services Tax Act, 2017 Regime – reg” in compliance to its recommendation.

The Committee then reiterated the need to bring urgency in addressing the issue of the declining growth rate of tax collection in Mizoram and recommends that the Government take all necessary action to ensure proper tax compliance by the various service providers including but not limited to Hotels & Homestay, Gymnasiums, Coaching Institutions, Futsal Facilities, Picnic Spots, Recreational, Sports and Leisure Establishments, stone quarry and mining and other similarly placed sectors wherever applicable. The Committee recommends that the Specialised wings established be provided with the necessary manpower and infrastructure for them to deliver their mandated functions.

3.4.1 RECOMMENDATION

(vide para 1.15 of the First Report of Subject Committee- III)

The Committee is cautious of the need to address the enormous pending cases under Certificate Officers (Bakijai) with respect to tax recovery/ enforcement under the Mizoram Public Demands Recovery Act,2001. The Committee is disheartened to observe that as on 5th May 2025 there are pending cases of Bakijai worth ₹70,61,22,970 /-. (Annexure II; page 16 of this Report)

The Committee, therefore, **recommends that the Government explore the viability of transferring the responsibility under the Mizoram Public Demands Recovery Act, 2001, to the Judiciary. A joint meeting, chaired by the Chief Secretary, should be convened between the Finance Department, Taxation Commissionerate, General Administration Department, and the Law and Judicial Department regarding this issue, and the meeting's outcome should be communicated to the Committee.**

3.4.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25 and No.A-21013/5/2025-ESTAB-FD-Part(1), dated 16th January, 2026)

“To address problem & dispose the pending cases of Bakijai worth of Rs. 70,61,22,970 /-. The department has taken initiative for the engagement of an Independent Lawyer to file an Execution of petition Bakijai Certificates issued to defaulting debtors by certificate Officer.

Annexure I-II

In accordance with the Committee's recommendation, the Department will examine the feasibility of transferring the responsibilities under the Mizoram Public Demands Recovery Act, 2001 to the Judiciary. All necessary action that can be taken from our end will be taken for convening a joint meeting, chaired by the Chief Secretary, with the participation of Finance Department, Taxation Commissionerate, General Administration Department, and the Law and Judicial Department regarding this issue.”

“The matter has been referred to GAD Department, as the Mizoram Public Demands Recovery Act, 2001 falls under the purview of the Department and the outcome is awaited.”

3.4.3 FURTHER RECOMMENDATION

The Committee appreciated the concerned Department's effort of engaging an independent lawyer to file an Execution of petition for the Bakijai Certificates issued to defaulting debtors by Certificate Officers.

However, the Committee is displeased to learn that it is still not updated with the results of the joint meeting chaired by the Chief Secretary, with the participation of the Finance Department, the Taxation Commissionerate, the General Administration Department, and the Law and Judicial Department to discuss and examine the feasibility of transferring the responsibilities under the Mizoram Public Demand Recovery Act, 2001, to the Judiciary.

The Committee revisited its report which highlights that the number of pending cases referred by the Taxation Department to Certificate Officers / Bakijai amounts to ₹70,61,22,970/- as of May 2025. Emphasizing the need to bring urgency in addressing the issue, the Committee recommends that the matter be dealt with seriously and that the required report be furnished to the Committee.

3.5.1 RECOMMENDATION

(vide para 1.16 of the First Report of Subject Committee- III)

The Committee recommends that a provision be made in the rules of the Mizoram Public Demands Recovery Act, 2001, for the inclusion of a provision that mandates laying of an annual report on the Table of the House of the Mizoram Legislative Assembly.

This report should include the number of pending cases, the amount of rupees involved per case, the Certificate Officer (bakijai) in charge, the total amount of pending cases, and other necessary information, district-wise. This is recommended in accordance with best practices and in light of the need for the executive to bring proper transparency and accountability to the legislature and thus to the public.

3.5.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25 and No.A-21013/5/2025-ESTAB-FD-Part(1), dated 16th January, 2026)

“Making amendments of rules of the Mizoram Public Demands Recovery Act, 2001 is not under the ambit of the Department, however, all necessary action that can be taken from our end will be taken for making amendment in the rules of the Mizoram Public Demands Recovery Act, 2001, for the inclusion of a provision that mandates laying of an annual report on the Table of the House of the Mizoram Legislative Assembly”

“The matter has been referred to GAD Department, as the Mizoram Public Demands Recovery Act, 2001 falls under the purview of the Department and the outcome is awaited.”

3.5.3 FURTHER RECOMMENDATION

The Committee recommends that the final amendment to the rules, as per the recommendation of the Committee, be forwarded to the Committee.

3.6.1 RECOMMENDATION

(vide para 1.17 of the First Report of Subject Committee- III)

The Committee reiterated its earlier stand and **recommends that the due process of the GST law be followed to collect taxes from various service sectors, including gyms, futsal grounds, picnic spots, catering services, others.**

3.6.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“Field formations have been instructed to undertake verification of business activities and turnover in these sectors, and to ensure that eligible service providers are brought under the GST registration framework. Field formation had conducted inspections in these sectors.

Awareness measures are also being undertaken to inform service providers of their obligations under GST, particularly in sectors where informal operations are common.

Where instances of non-compliance are detected, the Department will take appropriate action in accordance with the provisions of the GST law, including assessment, levy of tax, and imposition of penalties wherever applicable.

Department also set up Quick Response Team and the quick response team take prompt action as per the law whenever and wherever required.

The Department remains committed to ensuring comprehensive tax compliance across all service sectors mentioned by the Committee and will continue to monitor and enforce the provisions of the GST law accordingly.”

3.6.3 FURTHER RECOMMENDATION

The Committee notes with appreciation the steps that have been taken by the Department and further recommends that the tax that has been collected under GST from service sectors like gyms, futsal grounds, picnic spots, catering service and others since the presenting of the First Report of Subject Committee- III to the House on 27.08.25 be forwarded to the Committee.

3.7.1 RECOMMENDATION

(vide para 1.18 of the First Report of Subject Committee- III)

The Committee noted the frequent problems faced by the Taxation Department with respect to the collection of taxes from service sectors, which include unavailability of information regarding their registration (eg, Registration of futsal grounds to the Sports and Youth Affairs Department, registration of catering services to the Tourism Department, etc.).

The Committee therefore **recommends that an interdepartmental committee be established to address the issue, which appears to stem from inconsistencies in interdepartmental cooperation and coordination. The joint-departmental meeting should seek ways to ensure that information required by the Taxation Department to enforce laws in the service sectors registered to their respective departments is liaised with the taxation department on time.**

The outcome of this meeting should then be furnished to the Committee.

3.7.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25 and No.A-21013/5/2025-ESTAB-FD-Part(1), dated 16th January, 2026)

“The Department official had much discussion with other Departments to address the issue, which appears to stem from inconsistencies in interdepartmental cooperation and coordination under the Umbrella of the Mizoram Resource Mobilization Committee.

Department is in the process of convening a joint departmental meeting with the relevant stakeholder departments to identify systemic issues, develop standard operating procedures (SOPs) for data exchange, and formulate measures to ensure regular liaison and compliance support. Once the meeting is held, a detailed report of the discussions and outcomes will be documented and furnished to the Committee as recommended.

The Department remains committed to improving interdepartmental coordination and ensuring that information critical to the enforcement of taxation laws is received in a timely and structured manner.”

“In compliance to this recommendation an OM on subject - **"Mandatory Inter Departmental Coordination and Intimation to the Finance (Taxation) Department for Coverage of Certain Service Providers under the Mizoram Goods and Services Tax Act, 2017 Regime – reg"** was issued on 09/01/2026 directing all concerned to extend full cooperation to Finance (Taxation) Department/ Commissioner of State Tax and to mandatorily inform and intimate the

Department/Commissioner of all service providers operating under their administrative control, including, but not limited to, Hotels & Homestay, Gymnasiums, Coaching Institutions, Futsal Facilities, Picnic Spots, Recreational, Sports and Leisure Establishments, stone quarry and mining and other similarly placed service sectors, wherever applicable.”

(Annexures are kept in the Secretariat for reference)

3.7.3 FURTHER RECOMMENDATION

The Committee recommends that the detailed report of the discussion and documented outcomes be furnished to the Committee.

3.8.1 RECOMMENDATION

(vide para 1.19 of the First Report of Subject Committee- III)

The Committee is disheartened to notice the decrease in the growth rate of the collection of taxes in the state. The Committee, being highly concerned about the possible adverse effects of the negative growth rate in tax collections in the State, noted the need to strengthen tax administration through the formation of specialized wings, namely Policy & Law, Intelligence, Enforcement, Audit, and Recovery, each headed by an officer with a rank not lower than Joint Commissioner of State Tax, as stated by the Department during the Departmental Discussion.

The Committee is highly concerned with the shortage of tax officers for effective tax administration, enforcement and recovery. **The Committee therefore recommends that the Taxation Department be strengthened through recruitment and post creation. The previously cut-down proposed post should be revoked, as it was already done in a condensed manner.**

3.8.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“The Government vide Notification NoA-11013/91/2025-ESTAB-FD/1. dated 4th August, 2025, created the following specialized Wings: -

1. Policy and Law Wing
2. Intelligence Wing
3. Enforcement Wing
4. Audit Wing
5. Recovery Wing

The Government also created 5 Post of Deputy Commissioner of State Tax and 7 Post of Assistant Commissioner of State Tax. The Department also propose filling up of 33 State Tax Officer to the Government, the result is being awaited.

At present, the Specialized Wings- such as GST Policy and Law Wing. Intelligence Wing, Enforcement Wing, Audit Wing and Recovery Wing created by the Government have not been provided with the essential physical facilities required for its day-to-day operations. The absence of a properly designated room, along with the lack of basic office setup such as workstations, storage space, and other supporting infrastructure, has resulted in considerable difficulty in carrying out its mandated responsibilities.

Due to these limitations, the officers and staff attached to the Wing are unable to perform their assigned duties in an efficient and coordinated manner. The intended objectives for which the Wing was constituted remain largely unachievable under the

current circumstances. The lack of an appropriate work environment also hampers timely processing of matters, and effective supervision.

In this regard, the assistance and guidance of the Committee is kindly requested for resolving the infrastructural constraints faced by the Specialized Wings, so that an appropriate and sustainable solution may be arrived at without further delay.”

3.8.3 FURTHER RECOMMENDATION

The Committee revisited its findings and quoted the fact highlighted in its First Report regarding the decline in growth rate of tax collection in Mizoram, from 32 per cent in 2021-22 to 3.35 per cent in 2024-25, and projected a negative growth rate in the near future if it remains as per the current trend.

The Committee re-emphasized the need for urgency in addressing the issue and recommends that the specialized wings under Taxation Commissionerate which were established in August 2025 vide Notification NoA-11013/91/2025-ESTAB-FD/1. Dated 4th August, 2025, be equipped with necessary manpower, infrastructure, and resources immediately, along with the strengthening of manpower of the Commissionerate as per necessity.

The Committee noted with dismay the lack of sincerity in equipping and strengthening the taxation structure of the state and steps to address these urgent issues. The Committee, therefore, recommends that a report on action taken in this regard be forwarded to the Committee.

3.9.1 RECOMMENDATION

(vide para 1.20 of the First Report of Subject Committee- III)

The Committee further recommends that a proactive approach be made in the establishment of taxation units in the upcoming railway station and other important trade points, including the Kaladan Multi-Modal Transit Transport Project, and others. Proper facilities and infrastructure should be established to monitor the movement of taxable goods in and out of the state.

3.9.2 ACTION TAKEN BY THE GOVERNMENT

(vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“In compliance with the Committee's observations, the Department has initiated a preliminary assessment of the infrastructure, manpower, and logistical requirements necessary for setting up functional taxation units at this strategic entry and exit points.

Further, the Department submitted detailed proposal for the establishment of permanent tax monitoring units/ Tax Inspection Point at Serkhan Bagha Road, Ch. Saprawng T.T, Haulawng, Keitum, Khankhawn (Champhai) and Selesih Junction. This includes identifying suitable space for office setup, assessing requirements for communication systems, surveillance equipment, and digital connectivity to facilitate real-time data transmission and enforcement activities.

The Department also intimated the Mizoram Resource Mobilization Committee and request to give the Department any possible help in setting up of Check post at Sairang and Lengpui for interception of goods in transit.

To study the feasibility of setting up of inspection point in connection with Kaladan Multi-Modal Transit Transport Project, the department official had a discussion with Import and Export code holder Association during the month of October, 2025. Conducting survey is being contemplated by the Department.”

3.9.3 FURTHER RECOMMENDATION

The Committee recommends that the Department's implementation results be forwarded to the Committee.

3.10.1 RECOMMENDATION

(vide para 1.24 of the First Report of Subject Committee- III)

The Committee is concerned with the large amount of unchecked smuggled goods coming from neighboring countries, which are prevalent in the local market. This prevalence becomes a hindrance to tax collection efforts in the State. These smuggled goods bring competition to legally brought goods in the market as higher-priced goods fail to compete with the lower-priced smuggled goods.

The Committee recommends that the State Government take stern action to check the influx of smuggled goods and their availability in the local market.

3.10.2 ACTION TAKEN BY THE GOVERNMENT

((vide letter no.A-21013/5/2025-ESTAB-FD, 28/9/25)

“Department is taking necessary action for setting up of Tax Inspection point at Serkhan Bagha Road, Ch. Saprawng T.T, Haulawng, Keitum, Khankhawn (Champhai) and Selesih Junction. Proposals are also submitted to the concern Authority for setting up the Tax Inspection Points cited above.

The Department will continue to work closely with the State and Central enforcement authorities to ensure that strict action is taken against the illegal import, storage, and sale of smuggled goods. The Department remains committed to supporting the Government's efforts to safeguard legitimate trade and protect State revenue.”

3.10.3 FURTHER RECOMMENDATION

The Committee recommends that a detailed documented report on the implementation of the Committee’s Recommendation made in the First Report of Subject Committee -III be furnished to the Committee.

SUMMARY FURTHER RECOMMENDATION

3.1.3 The Committee recommends that the Department provide the Committee with the outcome of the detailed examination conducted by the Department's Policy and Law Wing, in consultation with field formations, to prevent potential revenue leakage.

3.2.3 The Committee recommends that the result of the said Department's commitment to completing the online computerization of the said project be forwarded to the Committee.

3.3.3 The Committee, expressing its concern over the declining growth rate of tax collection in Mizoram and the need to address the same, notes with dismay the inordinate delays in the proper functioning of the specialized wings, even after their establishment, in line with the objectives for which they were constituted.

The Committee, appreciated the Department's initiative in issuing an OM on subject – "Mandatory Inter-Departmental Coordination and Intimation to the Finance (Taxation) Department for Coverage of Certain Service Providers under the Mizoram Goods and Services Tax Act, 2017 Regime – reg" in compliance to its recommendation.

The Committee then reiterated the need to bring urgency in addressing the issue of the declining growth rate of tax collection in Mizoram and recommends that the Government take all necessary action to ensure proper tax compliance by the various service providers including but not limited to Hotels & Homestay, Gymnasiums, Coaching Institutions, Futsal Facilities, Picnic Spots, Recreational, Sports and Leisure Establishments, stone quarry and mining and other similarly placed sectors wherever applicable. The Committee recommends that the Specialised wings established be provided with the necessary manpower and infrastructure for them to deliver their mandated functions.

3.4.3 The Committee appreciated the concerned Department's effort of engaging an independent lawyer to file an Execution of petition for the Bakijai Certificates issued to defaulting debtors by Certificate Officers.

However, the Committee is displeased to learn that it is still not updated with the results of the joint meeting chaired by the Chief Secretary, with the participation of the Finance Department, the Taxation Commissionerate, the General Administration Department, and the Law and Judicial Department to discuss

and examine the feasibility of transferring the responsibilities under the Mizoram Public Demand Recovery Act, 2001, to the Judiciary.

The Committee revisited its report which highlights that the number of pending cases referred by the Taxation Department to Certificate Officers / Bakijai amounts to ₹70,61,22,970/- as of May 2025. Emphasizing the need to bring urgency in addressing the issue, the Committee recommends that the matter be dealt with seriously and that the required report be furnished to the Committee.

3.5.3 The Committee recommends that the final amendment to the rules, as per the recommendation of the Committee, be forwarded to the Committee.

3.6.3 The Committee notes with appreciation the steps that have been taken by the Department and further recommends that the tax that has been collected under GST from service sectors like gyms, futsal grounds, picnic spots, catering service and others since the presenting of the First Report of Subject Committee-III to the House on 27.08.25 be forwarded to the Committee.

3.7.3 The Committee recommends that the detailed report of the discussion and documented outcomes be furnished to the Committee.

3.8.3 The Committee revisited its findings and quoted the fact highlighted in its First Report regarding the decline in growth rate of tax collection in Mizoram, from 32 per cent in 2021-22 to 3.35 per cent in 2024-25, and projected a negative growth rate in the near future if it remains as per the current trend.

The Committee re-emphasized the need for urgency in addressing the issue and recommends that the specialized wings under Taxation Commissionerate which were established in August 2025 vide Notification NoA-11013/91/2025-ESTAB-FD/1. Dated 4th August, 2025, be equipped with necessary manpower, infrastructure, and resources immediately, along with the strengthening of manpower of the Commissionerate as per necessity.

The Committee noted with dismay the lack of sincerity in equipping and strengthening the taxation structure of the state and steps to address these urgent issues. The Committee, therefore, recommends that a report on action taken in this regard be forwarded to the Committee.

3.9.3 The Committee recommends that the Department's implementation results be forwarded to the Committee.

3.10.3 The Committee recommends that a detailed documented report on the implementation of the Committee's Recommendation made in the First Report of Subject Committee -III be furnished to the Committee.