

Circular No.40/2014
Q4/27746/2014

Office of the Principal Secretary/
Commissioner of Commercial Taxes,
Chepauk, Chennai – 5.

Dated 15.9.2014

**Thiru K. RAJARAMAN, I.A.S.,
Principal Secretary/Commissioner of
Commercial Taxes,
Chepauk, Chennai – 600 005.**

Sub : TNVAT Act 2006 – Leakage of revenue - Arresting of tax evasion – Verification of goods at the Premises of Railway Stations and Parcel Offices - Directions of the Hon'ble High Court of Kerala – Reg.

Ref : Southern Railway ref.No.C.30/XVI/Vol.II dated 17.2.2006.

1. In order to arrest tax evasion, various Check Points were established around Railway Terminals and Goods Yards. Even though the officials of the Commercial Taxes Department are verifying the goods that pass through the Check Points, no check has been made within the premises of the Railway Stations. Complaints are frequently received from the Enforcement officials of the Commercial Taxes Department that the Railway authorities are denying entry to them within the premises of the Railway Stations/Parcel Offices for verification of the goods. Due to this inadequate surveillance, tax evasion still prevails in those goods that are transported through Railways.

2. In this regard, it is brought to your notice that the original petitions in OP No.18234/99, OP No.5260/03 and 24930/98 and other writ petitions in WP C.No.27520 and 27552 of 2003 were filed before the Hon'ble High Court of Kerala by Railways challenging the penalty orders issued by the Intelligence Officers of the Sales Tax Department under provisions of the Kerala General Sales tax Act, 1963. Though the single Judge of the Hon'ble

High Court of Kerala quashed the penalty orders, the learned judge upheld the contentions of the Sales Tax Department and permitted the Department to impose penalty for violation in future.

3. Aggrieved of the judgment of the Single Judge, the Railway Administration had filed an appeal in W.A.1715/05 and the Division Bench of the Hon'ble High Court of Kerala had set aside the judgment of the Single Judge with the following directions:-

- “(a) The Railway authorities are directed to permit the Sales Tax Officials **to collect the details of consignments/consignors/consignees etc.** from the railway records maintained in the Railway Goods/Parcel Offices. The sales tax authorities be **permitted to effect seizure of the goods suspected of tax evasion** as provided under section 93 of the Railways Act against proper receipt and execution of indemnity bonds.
- (b) The Railway administration is directed to **permit Sales Tax Department to install check posts in the premises of the Railway Stations,** so that goods brought for transportation could be checked by the Sales Tax Office to determine whether they have suffered tax.”

4. Therefore, all the Enforcement Joint Commissioners are directed to approach the Railway authorities to collect the details of the consignments/consignors/consignees etc. from the railway records maintained in the Railway Goods/Parcel Offices and have Check Points in the premises of the Railway Stations, wherever necessary for arresting leakage of revenue.

6. This circular may be acknowledged at once and similar acknowledgements may be obtained from the subordinate officials.

Sd/- K. Rajaraman
Principal Secretary/
Commissioner of Commercial Taxes

To

1. All the Joint Commissioners, Enforcement.
2. The Joint Commissioners(BIU)/ISIC, Chennai.

Copy to:

1. All the Additional Commissioners, O/o.PS/CCT, Chepauk, Chennai – 5.
2. The Joint Commissioner (Admin), O/o.PS/CCT, Chepauk, Chennai – 5.
3. The Deputy Commissioner (GS), O/o.PS/CCT, Chepauk, Chennai – 5.
4. All the Joint Commissioners (CT), Deputy Commissioners (CT) & Assistant Commissioners(CT), O/o.PS/CCT, Chepauk, Chennai – 5.
5. The Joint Commissioner (Computer Systems), Chennai – 6 for uploading in the internet and intranet websites.
6. The Director, Commercial Taxes Staff Training Institute, Chennai – 6.
7. Stock File/Spare

/Forwarded by order/

Deputy Commissioner (SMR)