

Circular No. 13/2008 (SMR)
Letter No. Q3 / 36845 / 2008

**Office of the Principle Secretary /
Commissioner of Commercial
Taxes, Chepauk, Chennai-5.**

Dated : 22.08.2008

CIRCULAR

Sub: TNVAT Act, 2006 – Audit under Section 64(4) – Selection of dealers for audit of business – Orders issued.

Ref: The Principal Secretary / Commissioner of Commercial Taxes' proceedings No.Q3 / 36845/08, dated 22.8.2008.

Under Section 64(4) of the TNVAT Act 2006, the Commissioner of Commercial Taxes is authorized to select the category of dealers for the audit of business and thereby proceedings referred above is enclosed for the audit to be conducted by the Enforcement Wing immediately throughout the State. As this being the first programme of audit of business under the TNVAT regime, the officers should carefully follow the procedures, while conducting the audit in the business premises of the dealers concerned.

In this audit, the dealers whose total turnover is below Rs.10 Lakhs in resale cases and Rs.5 Lakhs in manufacturer cases, should not be taken into consideration as they are not liable to pay tax and not liable to submit monthly returns as per the provisions of TNVAT Act 2006. If any concrete evidences are there to prove that this category of dealers have crossed the turnover liable under the TNVAT Act during the year 2007-08 in the said three non-filed return months, investigation files have to be opened and further action has to be taken as per the provisions of TNVAT Act on approval by the concerned Joint Commissioners (Enforcement).

The Officers of Enforcement Wing who have the jurisdiction on the premises of the dealers to be audited have to issue notice in advance to the dealers about the purpose of audit and records, details to be produced and the date on which the audit has to be taken by him with his authorised team. The forms prescribed have to be filled up during the course of audit. As this being a regular and detailed check of their accounts and other records like declaration forms, Bill of Lading, Certificate for ITC claim etc., in their premises, the officers must be clear in identifying the records and the period

to be taken up for the audit, the number of persons to be assigned for the purpose of verification of accounts and stock verification on the date or dates. If verification is not possible on a single day, on mutual acceptance being arrived at on the audit date as to whether the audit has to be continued for next day or to be adjourned to a mutually convenient date. The entire check has to be completed within three months. On no occasion, the dealers should be asked to produce the accounts in the office for audit purpose. Any sworn statement recorded with D1 slip at the premises from the authorized person has to be served with copy on the same date itself on completion of the audit. A copy of the notes of audit taken has also to be furnished to them on the same date/dates. If any non co-operation is there, the officers may take action as per the provisions of the Tamil Nadu Value Added Tax Act and Rules. The Officers should extend utmost courtesy during the course of audit to the assessee and their staff. A copy of those notes, statement should be dispatched to the Joint Commissioners, Deputy Commissioners and the Assessing Authority concerned on the next day. If any notice is warranted on the basis of defects, irregularities or suppressions, same may be issued within a week by post. All the Joint Commissioners, Enforcement Wing should complete the said item of audit within September 2008 and completion report with details of audit and revenue details, records received before 7.10.2008 to this office.

The receipt of this proceedings and circular have to be acted immediately.

Sd/- T. Jacob,
Principal Secretary /
Commissioner of Commercial Taxes.

To
All Joint Commissioners, Deputy Commissioners,
(Territorial and Enforcement).
Copy to Internet and Intranet website.
Copy to Additional Commissioners/Joint Commissioners of O/o the Principal Secretary/Commissioner of Commercial taxes.
Copy to: Principal Secretary/Commissioner of Commercial Taxes Table.
Copy to Stock File / Spare copies.

/Forwarded/by order/

Deputy Commissioner (SMR).