

**Q3 / 17053 / 2010**

**Circular No. 13 / 2010**

**Office of the Principal Secretary /  
Commissioner of Commercial  
Taxes, Chepauk, Chennai-600005.  
Dated: 12 .07.2010**

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**CIRCULAR**

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**Sub :** TNVAT Act, 2006 – Field Audit under Section 64(4) –  
poor performance of field audit -certain instructions  
issued for strict compliance – issued.

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During the review of performance of Field audit by the Enforcement Wing, the Principal Secretary / Commissioner of Commercial Taxes has pointed out that the quality of field audit is poor and not satisfactory. The defects noticed and the revenue detected during the audit of business is not commensurate with the potential of the cases. No thorough verification has been made by the audit team officers during the VAT Audit.

In this connection, it is observed that the lack of supervision and on the spot guidance by the Supervising Officers is a major reason for the poor quality of performance of field audit officers. The audit team requires directions for detecting revenue suppression during the audit of the business premises.

In view of the above, the following instructions are issued for strict adherence:

After selection of the business of a dealer for audit, the cases have to be identified and classified as Small, Medium or Large enterprise based on the taxable turnover of the dealer for the previous financial year as follows:

1. A dealer with a taxable turnover of More than Rs.200 Crore shall be classified as large enterprise and the place of business has to be audited under the Supervision of Deputy Commissioner, Enforcement.
2. A dealer with a taxable turnover of More than Rs.10 Crore shall be classified as medium enterprise and the place of business has to be audited under the Supervision of Assistant Commissioner, Enforcement.
3. A dealer with a taxable turnover of less than Rs.10 Crore shall be classified as small enterprise and audited under the Supervision of Commercial Tax Officer, Enforcement who is part of the audit team.

The conduct of audit of a case shall also be monitored by the Superior Officers in addition to the Supervising Officer guiding the audit team.

Further, the audit report in VA – 3 shall be certified by the audit team Officers to the effect that “*Verified all the above particulars and found to be correct*”. Such declaration shall be appended at last page of the form VA-3.

All the Enforcement Authorities are directed to follow the above instructions scrupulously. The Joint Commissioners, Enforcement and Deputy Commissioners, Enforcement, are instructed to verify the strict adherence of these instructions periodically. Any deviation from the above instructions shall be viewed seriously. The receipt of this Circular shall be acknowledged by next mail.

**Sd/- V.K.Jeyakodi**

Principal Secretary /  
Commissioner of Commercial Taxes

**To:**

1. All Joint Commissioners (Enforcement)
2. All Deputy Commissioners (Enforcement)

**Copy to:**

1. All Additional Commissioners, O/o the PS / CCT, Chennai -5.
2. Joint Commissioner (Admin), O/o the PS / CCT, Chennai -5.
3. All Joint Commissioners (CT), Deputy Commissioners (CT) & Assistant Commissioners (CT) in the O/o the PS / CCT, Chennai -5.
4. Joint commissioner (Computer Systems), Chennai-600006 for uploading in the intranet and internet websites,
5. The Director, Commercial Taxes Staff Training Institute, Chennai -6.
6. All Joint Commissioners (CT), (Territorial)
7. Joint Commissioner, ISIC, Chennai
8. Joint Commissioner, MoU Cell
9. All Deputy Commissioners, (Territorial)
10. All Head of the Assessment Circles.

*Stock File / Spare-5*