

Dated: 29.8.2007.

C I R C U L A R

Sub Tamil Nadu Value Added Tax Act, 2006 – Amendment
made to Section 3(4) in Act 21 of 2007 – Certain
instructions – Regarding.

It has been brought to the notice of the Commissioner of Commercial Taxes that the amendment made to Section 3(4) in Act 21 of 2007, dated 8.6.2007 has been wrongly interpreted and understood by the assessing officers, dealers and publishers.

Section 3(4) provides for payment of tax at compounded rate for the dealers whose total turnover for a year is less than fifty lakhs of rupees and who effect purchases within the State and second and subsequent sales within the State. They may file an option for paying tax at compounded rate (0.5%) as notified by the Government. Such option shall be exercised by the dealers within thirty days from the date of commencement of this Act.

On representations from the trading public, an amendment was proposed for paying tax at 0.5% on the sale of taxable goods only for such small dealers as stated below:

Existing Entry	Amended Entry
Notwithstanding anything contained in sub-section (2), but subject to the provisions of sub-section (1), every dealer, who effects second and subsequent sales of goods purchased within the State, whose total turnover for a year, is less than rupees fifty lakhs, may, at his option, instead of paying tax under sub-section (2), pay a tax, for each year, on his total turnover at such rate not exceeding one per cent, as may be notified by the Government. Such option shall be exercised by the dealer within 30 days from the date of commencement of this Act;	Notwithstanding anything contained in sub-section (2), but subject to the provisions of sub-section (1), every dealer, who effects second and subsequent sales of goods purchased within the State, whose total turnover for a year, is less than rupees fifty lakhs, may, at his option, instead of paying tax under sub-section (2), pay a tax, for each year, on his turnover relating to taxable goods at such rate not exceeding one per cent, as may be notified by the Government. Such option shall be exercised by the dealer within 30 days from the date of commencement of this Act;

This amendment was passed by the Legislative Assembly and Act No. 21 of 2007 was enacted vide Tamil Nadu Government Gazette Extraordinary 157, dated 8.6.2007. The section 2(3) of this amendment Act is as follows:

2(3) in sub-section (4) – (a) for the expression “total turnover” the expression “turnover relating to taxable goods” shall be substituted.

There are two entries “total turnover” in Section 3(4). As already stated the amendment was made relating to the second entry only. However, inadvertently some of the publishers have made the amendment to the first entry and this has resulted in arriving at a totally different conclusion which was not intended. The provisions of section 3(4) have to be read as stated below

Notwithstanding anything contained in sub-section (2), but subject to the provisions of sub-section (1), every dealer, who effects second and subsequent sales of goods purchased within the State, whose total turnover for a year, is less than rupees fifty lakhs, may, at his option, instead of paying tax under sub-section (2), pay a tax, for each year, on his **turnover relating to taxable goods** at such rate not exceeding one per cent, as may be notified by the Government. Such option shall be exercised by the dealer within 30 days from the date of commencement of this Act;

The Assessing Officers are requested to acknowledge receipt of the Circular at once.

Sd./G. Shanmugam,
For Commissioner of Commercial Taxes

To:
All the Assessing Officers.

Copy to:

1. Joint Commissioner (CT), Chennai (North).
2. All Deputy Commissioners (Territorial) and (Enforcement) including ISIC.
3. All Assistant Commissioners (Territorial) and (Enforcement)
4. All Joint Commissioners and Deputy Commissioners in the office of the Commissioner of Commercial Taxes, Chennai-5.

Copy to S.F.

// Forwarded / By Order //

COMMERCIAL TAX OFFICER (VAT)