

Q3 / 35610 / 2010
Circular No. 18 / 2010

Office of the Principal Secretary / Commissioner of
Commercial Taxes, Chepauk, Chennai-600005.
Dated: 28.09.2010

CIRCULAR

SUB : TNVAT ACT 2006-Scrutiny of returns-Huge claim of ITC- Cross check with other end-evasion prone Goods- Iron and Steel and Electrical goods-Streamlining of issue of new registration-Regarding.

-oOo-

Under the TNVAT Act, it is seen that Scrutiny of Returns done by the Assessing Officers requires further verification at the other end by way of sending cross -check references to the offices concerned. At present, the cross-check references are being sent through post and replies are awaited in many cases. In order to watch the receipt of cross check references and timely disposal of the same by the Assessing Officers, they are hereby instructed to send cross check references through e-mail only and reply the same in e-mail only, on priority basis with reference to revenue involved in each case. Copies of e-mail have to be filed in the registration files concerned.

The Territorial Joint Commissioners and Deputy Commissioners have already been instructed to supervise the scrutiny of returns by the Assessing Officers besides scrutiny of certain cases by themselves. The performance of the scrutiny of returns by the Territorial Wing as per the monthly report for August 2010 is 81% to total number of returns and detection of revenue involvement of Rs. 35.03 crores out of which Rs.3.64 crores were collected. The performance on this activity is not satisfactory.

To make the scrutiny of the returns more effective and result-oriented, the Territorial Joint Commissioners and Deputy Commissioners are hereby also instructed to scrutinize the ITC claims pertaining to evasion-prone goods. In respect of Electrical and Iron and Steel goods, there is heavy leakage of revenue. Therefore, the Input Tax claim involving Rs.Two lakhs and above, should be scrutinised by the Territorial Joint Commissioners and the claim involving less than Rs.Two lakhs should be scrutinized by the Territorial Deputy Commissioners with reference to monthly returns filed by these two categories.

: 2 :

In respect of non-assesseees dealing in Electrical and Iron and Steel goods, the Assessing Officers concerned have to thoroughly scrutinize as to whether the claim of ITC is genuine by verifying the data available in the department's web-site and take appropriate action to curtail false claim of the ITC by such non-assesseees. It is the duty of the Assessing Officers to verify in all cases to identify false/excess claim of ITC and to take appropriate action under the provisions of the Acts. If any case of leakage of revenue is detected at a later date, the Assessing officers concerned will be held responsible.

In respect of new registration under the TNVAT Act 2006 and CST Act 1956 relating to Electrical and Iron and Steel goods, the Registering Authority shall take guidance of the Territorial Deputy Commissioners (CT) who shall satisfy

- [i] as to the antecedents of the applicant
- [ii] Whether applicant did business in other area and closed down.
- [iii] whether the place of business is existing and genuine
- [iv] whether application and the documents accompanying the application are genuine
- [v] the business knowledge/experience of the applicant
- [vi] all other information and enquiries have been obtained by the Registering Authorities as per the provisions of the Act and rules of the TNVAT Act 2006 to establish the genuineness of the applicant.

The new Registration Certificate has to be issued only after obtaining such guidance from the Territorial Deputy Commissioners hereafter without fail. The Territorial Deputy Commissioners (CT) have to record their remarks in the file relating to issue of new Registration Certificate.

The Territorial and Enforcement Deputy Commissioners are also instructed to watch the activities of the dealers in these two categories after issue of new Registration Certificate regarding movement of goods transported relating to purchase and sales periodically so as to curb the menace of bogus claim of ITC.

: 3 :

This work has to be supervised and reviewed by the Joint Commissioners concerned during their review meeting.

Any deviation in this regard will be seriously dealt with, against the officers concerned. Receipt of this circular should be acknowledged at once by all Officers in the Assessment Wing.

Sd/- V.K.Jeyakodi
Principal Secretary /
Commissioner of Commercial Taxes

To:

1. All the Joint Commissioners (CT), (Territorial, Enforcement)
2. All Deputy Commissioners, (Territorial, Enforcement)
3. All the Head of the Assessment Circles in this State.

Copy to:

1. All the Additional Commissioners in the O/o the Principal Secretary / Commissioner of Commercial Taxes, Chennai -5.
2. Joint Commissioner (Admin), O/o the Principal Secretary / Commissioner of Commercial Taxes, Chennai -5.
3. All Joint Commissioner (CT), Deputy Commissioners (CT) & Assistant Commissioners (CT) in the O/o the Principal Secretary / Commissioner of Commercial Taxes, Chennai -5.
4. The 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. Superintendent, Y Section.
For Stock File / Spare-5.

/ Forwarded/ by order/

Deputy Commissioner (CT) (SMR)