

VAT Cell / 16498 / 2008
Circular No.22

Office of the Commissioner of
Commercial Taxes,
Chepauk, Chennai – 600 005.

Dated : 17.07.2008.

CIRCULAR

SUB : Tamil Nadu Value Added Tax Act, 2006 – Tamil Nadu Value Added Tax (Second Amendment) Ordinance, 2008 – Substitution of sub-Section (4) to Section 3 of TNVAT Act – Certain instructions – Regarding.

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It has been brought to the notice of the Commissioner of Commercial Taxes that substitution of sub-Section (4) to Section 3 of the TNVAT Act, 2006 has been wrongly interpreted by some assessing officers and dealers.

2. The compounded rate applicable under Section 3(4) of the TNVAT Act is at such rate not exceeding 1%, as may be notified by the Government. Accordingly, the Government have issued Notification in G.O. Ms. No.2/CT&R Department, dated 1.1.2007 fixing the rate at 0.5%.

3. The sub-Section (4) of Section 3 of TNVAT Act has been substituted by Tamil Nadu Ordinance 1 of 2008, dated 18.6.2008 enabling the dealers to exercise their option for compounding levy and to avail input tax credit by dealers who have reached the taxable turnover limit of rupees fifty lakhs. This substitution of the sub-Section (4) to Section 3 has not altered the rate of tax of 0.5% already notified by the Government. Therefore, it is clarified that even after the substitution of sub-Section (4) of Section 3 to TNVAT Act, the compounding rate under the sub-section continues to be at 0.5%, fixed by the Government.

4. Receipt of this Circular may be acknowledged by next mail.

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

To
All Deputy Commissioners (including Enforcement)
All Assistant Commissioners (including Enforcement)

Copy to:

- (1) All Joint Commissioners / Deputy Commissioners in the Office of the Commissioner of Commercial Taxes, Chennai-5.
- (2) The Programmer, Computer Centre, Chennai-6 with a request to put the Circular in Commercial Taxes Department website and intranet.

// Forwarded / By Order //

Deputy Commissioner (VAT).