

Q3/39391/2012
Circular No.10/2012

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

Dated : 12.12.2012

CIRCULAR

Sub : TNVAT Act 2006 – Enforcement Wing - VAT Audit reports sent to Assessment Circles – Certain deviations noticed in the VAT Audit reports – Instructions given for strict compliance – Reg.

Ref : This office circular in Q3/3259/2010 dated 14.6.2010.

As per the TNVAT Act, officials not below the rank of DCTOs were empowered to conduct surprise inspections u/s 65 and VAT Audit u/s 64(4) of the TNVAT Act 2006. After conducting the inspections/VAT Audits, the enforcement wing officials will send the proposals to the territorial wing officials for implementation. The assessment officers are expected to analyze the proposals and to implement the same without any delay. It has been found that nearly 120 cases are shown as deviation proposals pending. A verification of the details shows that the revenue involving in all these cases are very high. Since a report is given to the Commissioner as the proposals involving revenue of hundreds crores of rupees, are pending and subsequently, if the revenue involving such proposals is taken away in the name of deviation, then there is no point in conducting the inspection. Hence, there needs a check in sending the deviation proposals to the Enforcement Wing.

In the reference cited, certain systems and procedures relating to sending of proposals out of surprise inspections and VAT Audits to the Territorial Wings and the consequential action relating to the implementation of the proposals were given. In continuation of the

circular stated in the reference, certain modifications are ordered as below:-

I. Duration for submission of Deviation Proposal:

When an assessment order or refund order is issued incorporating any enforcement proposal and if the assessing authority does not agree with the proposal, he prefers to deviate from the proposal. If such deviation proposal sent by the Assessing Officers is correct, he shall send the deviation proposals with his remarks to the enforcement Deputy Commissioners or Joint Commissioners within 30 days of receipt as the case may be. It has been noticed that the time limit is not at all adhered to in letter and spirit. Also, huge revenue is locked up because of the delay in the deviation process.

II. Monetary Limit to send the proposal to the Commissioner:

If the Territorial Deputy Commissioner or Territorial Joint Commissioner finds that the deviation proposals are involving a revenue of more than Rs. 25 lakhs (Taxe and penalty), the proposals should be sent to the Commissioner of Commercial Taxes for perusal and approval to proceed further. On getting orders from the Commissioner, the Joint Commissioners (CT) will act as per the orders issued by the Commissioner.


III.Action to be taken in Remanded Cases:

Similarly, when an assessment order incorporating a D3 proposal is remanded either by the Appellate Forums or by the High Court, the Assessing Officers sends the deviation proposals to the Joint Commissioners. Even in such remanded cases, wherein if any enforcement proposal is incorporated and if the revenue involving in the deviation is more than Rs.25 lakhs (Tax and penalty), such proposal should also be sent to the Commissioner for perusal and approval. This order comes into immediate effect.

All the Joint Commissioners are instructed to acknowledge the receipt of the circular by next post and are requested to get similar acknowledgements from their subordinate officers.

Sd/- K. Manivasan
Commissioner of Commercial Taxes

//Forwarded by order//


Additional Commissioner (SMR)

To

1. All the Joint Commissioners (CT), Enforcement and ISIC.
2. All the Deputy Commissioners (Territorial, Enforcement and MoU Cell)
3. All the Heads of the Assessment Circles in the State.

Copy to :

1. All the Additional Commissioners in O/o.Commissioner of Commercial Taxes, Chennai – 5.
2. Joint Commissioner (Admn), O/o.Commissioner of Commercial Taxes, Chennai – 5.
3. All the Joint Commissioners (CT), Deputy Commissioners (CT) and the Assistant Commissioners (CT) in the O/o Commissioner of Commercial Taxes, Chennai – 5.
4. The Joint Commissioner (Computer Systems), Chennai – 600 006 for uploading in the intranet and internet websites.
5. The Director, Commercial Taxes Staff Training Institute, Chennai – 6.
6. For Stock File/Spare-5.