

No.K1.4000/05

Office of the Commissioner  
Commercial Taxes  
Thiruvananthapuram  
Dated.19..11.05

**CIRCULAR No.29/05**

Sub:- KVAT Act, 2003- scrutiny of returns and assessments under section 22(3)- further instructions- issued.

Ref:- Circular No.K1.4000/05/Dt. 17.08.05 (No.. 18/05)

In the circular cited detailed instructions were issued regarding the procedures for scrutiny of returns, assessments, audit visits and audit assessments. It was directed that wherever best judgment assessments are necessitated under sub-section (3) of section 22 consequent on detection of defects on scrutiny of the returns or for failure to file returns, the Asst. commissioner (Assmt) or the Commercial Tax Officer concerned should transfer the records to the Audit Assessment wing and that the assessments in such cases should be done by the Audit Officers. The Audit Officers were required to do such assessments without detriment to their normal function of Audit. The Audit Assessment wing was also required to undertake the audit of the assessments completed by the assessing authorities under the KGST Act, 1963.

A review of the progress of the work of the Audit Assessment wing shows that the Audit Assessment itself will put heavy pressure on the Audit Officers. At the same time if all the best judgment assessments under section 22(3) are entrusted with the Asst. Commissioners/ Commercial Tax Officers of the VAT Circles, the pace of the scrutiny of the VAT returns, which is already in arrears, will be further delayed. Further proper scrutiny of accounts, whether in connection with a best judgment assessment under section 22(3) or

an audit assessment under sub-section (1) of section 24, will provide sufficient materials for the work of the Audit Assessment wing. Considering all the above aspects, the following further instructions are issued:-

- (1) Where a dealer fails to respond to a notice under sub-section (1) of section 22 and a best judgment assessment under sub-section (3) of section 22 is warranted which do not require scrutiny of accounts (in cases where the materials available in the returns and accompanying statements are sufficient for the completion of the best judgment assessment) the assessments shall be completed by the Asst. Commissioners/ Commercial Taxes Officers of the VAT Circle concerned.
- (2) In cases where the dealer fails to file returns or scrutiny of the accounts becomes inevitable for completion of best judgment assessments, the records will be transferred to the Audit Assessment wing for scrutiny of accounts and for making best judgment assessments. While forwarding the records, the returns statements and other materials, which would be helpful in the best judgment, assessment (including records for the immediate previous return period/years) shall also be forwarded.
- (3) Where the records of the dealers who fails to file returns intimation shall, invariably, be sent to the Dy. Commissioner (Int) concerned for further action, including inspection, if any, required.
- (4) The receipt of the Circular shall be acknowledged by the Dy. Commissioners and get acknowledgment from their sub-ordinates.

Sd/  
**Commissioner**

