

No.C7.54018/05/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated.20.07.06

CIRCULAR NO. 25/06

Sub:- Kerala Value Added Tax Act, 2003 - Interstate transport of packing cases, splints and veneers, tea chests, wooden crates, wooden cable drums, veneer, plywoods etc- Payment of advance tax- revised instructions issued- Reg:

Ref: 1. Circular No.24/00 Dt.04.09.00
2. Circular No.04/05 Dt.28.03.05
3. Circular No.03/06 Dt.09.10.06

As per circulars read as 1 to 3 above, instructions were issued to ensure payment of advance tax when clearing consignments of packing cases, splints and veneers, tea chests, wooden crates, wooden cable drums, veneers, plywoods etc.

Some dealers from this category have brought to the notice of this office that they are purchasing timber from outside the country and with in the state for which they have to pay both entry tax and purchase tax which is rebatable under section 12 of the KVAT Act 2003, as input tax credit. But they are not in a position to avail of input tax credit in the relevant return period as their sales with in the state are low and sales interstate high. Section 11(6) of the KVAT Act does provide a facility to adjust the excess input tax towards CST liability, but they are forced to pay CST in advance on interstate sale by virtue of the circulars above and wait till the year end to avail VAT refund.

To provide for this post VAT development, it is hereby clarified that dealers in the wooden products listed above having sufficient input tax at their credit, shall be permitted to transport their manufactured goods interstate without paying tax in advance, but subject to the production of a certificate endorsed in the supporting

delivery note by the assessing authority showing that the dealer has sufficient input tax in their account at the time of transportation of goods in question.

The assessing authority should maintain a separate account of the input tax credit available to each such dealer after each transportation of goods by that dealer, to understand at a glance the claim of input tax credit for each transport of goods and the balance available in the name of that dealer to avoid any illegal claim of input tax credit. The assessing authority will be held solely responsible for any loss of revenue in this regard and such loss will be recovered from the assessing authority who made the endorsement on the delivery note.

The officers at the check post are directed to allow transport of goods claiming branch transfer/consignment sales only under cover of departmental delivery notes with endorsement by concerned assessing authorities (CTOs). However, before endorsement, the dealer shall prove the identity of the branch/consignee by producing an attested copy of the last completed assessment of the Commercial Taxes Department of the state where consignment is to be despatched. When despatching first consignment, the dealer shall produce the last completed assessment order, which can be accepted for the whole financial year, but the Commercial Tax Officer shall get it confirmed in due course within 3 months.

The Circulars issued read as 1 and 2 stand modified to the above extent.

The circular instruction should be strictly adhered to by all concerned.

**Sd/
Commissioner**

/Approved for Issue/

Deputy Commissioner (General)

To

All Officers
Jt. Commr (Law), Ekm
Asst. Commr(L.W)