

No.C5-70962/04/Tx

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Date: 23.11.05

CIRCULAR NO.33/2005

Sub:- KVAT 2003 & CST 1956 – Registration of Dealers in hill produce, timber, Iron & Steel etc. – procedure to be followed fro preventing bogus and benami registration – Instructions issued – reg.

Ref :- 1. Circular No.36/83/Tx dt.02.12.83
2. Circular No.10/84/Tx dt.28.01.85
3. Circular No.53/85/Tx dt.18.12.85
4. Circular No.21/86/Tx dt.02.07.85
5. Circular No.24/90/Tx dt.24.12.90
6. Circular No.09/91/Tx dt.06.08.91
7. Circular No.05/05/CT dt.04.04.05

In order to strengthen and stream line the implementation of the new tax regime a close surveillance, especially on the dealings of evasion prone commodities like hill produce, arecanut, cashew, rubber, pepper, ginger, cardamom, packing cases, timber & Iron and steel require momentum. The possibility of taking out bogus and benami registration for these commodities cannot be ruled out. In the circumstances the following instructions are issued for the information and guidance of all registering authorities and those officers who have been posted to assist the registering authorities recently.

- 1) The registering authorities shall not satisfy itself with the inspection of the declared business place alone and also the information in the statements given by the persons in whose name registration is applied for. Enquiries should be directed to the owner of the building, persons who introduced the dealer for the purpose of registration or for opening accounts in the banks, the person or practitioner who represents the dealer before the registering/assessing authorities. New registration for the above categories of dealers shall be issued only after conducting necessary enquiry through the respective Inspecting Assistant Commissioner (Intelligence) concerned. After granting registration, the activities of the dealers shall be closely observed by Commercial Tax Officer (VAT) and Audit Assessment Wing. If any irregularity is noticed action may be initiated for cancellation of registration certificate with due notice protecting the interest of revenue.

- 2) In all cases where new registrations are granted officers should properly watch their dealings to ensure that the registration was obtained for bonafide purposes.
- 3) The declarations obtained from the Checkposts shall be sorted out and properly verified to see that the transactions declared as per the statutory returns are in conformity with the transactions revealed as per the declarations.
- 4) Where registrations are cancelled for valid reasons, immediate action should be taken to make assessments and demand the tax in respect of the transactions already effected. Intimations regarding cancellation should be sent to all the check posts as well as Intelligence wings, Audit Assessment wing etc. without fail.
- 5) The Audit Assessment wing of the department shall scrutinize their returns and ensure that no tax is evaded.
- 6) Supervisory officers, before giving approval for registration, shall ensure that instructions issued in this regard are consciously followed by the registering authorities.
- 7) As far as possible Department Delivery Note may be insisted for transport of evasion prone commodities through the State.
- 8) The procedure laid down in the Circular No.36/83/Tx, dated 02.12.1983 shall be scrupulously followed by all registering authorities, assessing authorities in processing the applications.

The Deputy Commissioners shall acknowledged receipt of this circular, and obtain acknowledgement from their subordinate officers.

Sd/-
COMMISSIONER