

No. C2/37481 /06/CT

Office of the Commissioner,
Department of Commercial Taxes,
Thiruvananthapuram.
Dated 5/5/2007

CIRCULAR No.21/2007

Sub:- KVAT Act, 2003 - Collection of Advance Tax in respect of
Evasion-prone commodities-further instructions issued.

Read:- 1) Circular No.50/2006 dated 18.12.2006.
2) Circular No.53/2006 dated 22.12.2006.

As per Circular No. 50/2006 instructions were issued for collection of Advance Tax in respect of twelve evasion-prone commodities at the entry points into the State, such as Check Posts, Ports, Airports and Railway Stations. Further clarifiatory instructions were also issued from the Commissionerate as per Circular No.53/2006.

Now it is brought to the notice of the Commissionerate that certain dealers bringing goods notified under Circular No.50/2006, and having no further liability to tax under the KVAT Act, 2003, by virtue of being exporters of such goods or by way of interstate works contract, are also compelled to pay Advance Tax on the basis of Circular No.50/2006.

This issue has been examined carefully and the following further instructions are issued.

The objective of Circular No.50/2006 is to collect tax in advance only in respect of evasion-prone commodities from those having liability to pay tax under the KVAT Act, 2003.

Hence dealers bringing goods exclusively meant for export need not pay Advance Tax if a certificate is produced from the concerned assessing authority to the effect that the goods are being transported into the State exclusively for export.

Likewise, Advance Tax need not be paid on goods meant for interstate works contract if the transport is supported by (1) bills evidencing payment of taxes at the local rates applicable in the exporting state by the awarder in Kerala, and (2) documents evidencing that the work has been awarded to the consignor.

Check Post authorities should however record such transports in their registers and intimate the entry of such goods immediately to the concerned assessing authority for further cross-verification. Such dealers should file a statement/undertaking before the Check Post official that the goods consigned have no further liability to pay tax under the KVAT Act, 2003.

The instructions issued as per the Circulars Nos.50/2006 and 53/2006 are amended to the above extent.

Commissioner

To

All Concerned