

No.C2/10543/12CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated. 04.08.2012

CIRCULAR No. 23/2012

Sub: -Commercial Tax Department– Fixation of Floor Rate of Manufactured Sand (m-sand) for the collection of Advance Tax/Security Deposit– Instructions issued- reg.

Ref: - 1. Circular No. 50/2006 dated 18.02.2012
2. Order No. C2/10543/12/CT dated 05.06.2012 of the CCT
3. Lr. No. P13.1988/12 dtd.26.07.2012 of Dy. Commissioner, Palakkad.

Due to the scarcity of river sand in the state, the construction industry is mainly depending on manufactured-sand (m-sand) as an alternative. As such, the value of m-sand has increased in the State and huge quantities of m-sand are being transported into Kerala by lorry loads, through the Commercial Tax Check Posts. Due to the peculiar nature of this trade, whereby the sand directly goes to the consumer, rampant undervaluation of these consignments has been detected. In the circumstances, m-sand is identified as an evasion prone commodity by virtue of section 47 (16A) of the Kerala Value Added Tax Act, 2003, and the circular referred is modified to the above extent.

In order to check undervaluation at the check posts, it was felt that a floor value needs to be fixed for m-sand. The Government has also requested to examine the feasibility of fixing the floor rate for m-sand. Hence, in order to ensure a better tax administration of this commodity and to protect the State revenue, an expert committee was constituted consisting of the three Zonal Deputy Commissioners (Intelligence) and Deputy Commissioner, Thiruvananthapuram under the chairmanship of Deputy Commissioner, Palakkad to study the market trends and to recommend the viable floor rate that can be adopted, for the purpose of collecting Advance Tax/Security Deposit etc, vide reference 2nd cited above.

The Chairman of the Committee, Deputy Commissioner, Palakkad has submitted a report read as 3rd paper above, based on the market studies and consultations with the trade. The report was examined in detail and it is decided to adopt the recommendations of the Committee.

In the circumstances, floor rate of the m-sand is fixed at Rs. 4500/- per unit of 100 cft. for the purpose of collection of Advance Tax/Security Deposit as per section 47(16A) of the Kerala Value Added Tax Act, 2003. All officers are directed to ensure that m-sand consignments are not valued at a lower rate than above.

This order shall take effect from 8th August 2012 onwards.

**Sd/-
COMMISSIONER**

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