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**Office of the PrI secretary & Commissioner**  
**Kerala Goods and Services Tax Department**  
**Govt. Of Kerala, Thiruvananthapuram**

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No. CT/2969/2018-C1

Dated. 26<sup>th</sup> May 2018

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**Circular No 13/2018**

**Sub:- KVAT Act 2003- Scrutiny and Assessment of Presumptive dealers and Amnesty Scheme -Reg.**

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The Report of the Comptroller and Auditor General of India on the effectiveness of Kerala Value Added Tax Information System (KVATIS) in the Tax Administration of Commercial Taxes Department, Government of Kerala (Report No.7 of the year 2014, Chapter-II, para 2.3.3.2) has made an observation that "The Presumptive tax paying dealers continue to pay tax at presumptive rate by keeping the turnover below the limit of Rs.50lakh/60 lakh per year. The CAG has pointed out many other aspects with respect to the Presumptive Tax Dealers.

On the basis of the CAG findings, and also the routine scrutiny of files by the assessing authorities across the state revealed various irregularities, it was decided to conduct scrutiny of entire PIN dealers' files to ascertain disclosure of purchase. The volume of purchase turnover suppression (**based on cross verification of local purchase**) emerged was huge.

Subsequently the Government has announced an amnesty scheme for Presumptive Tax Dealers.

Hence in order to help the Assessing authorities to complete the assessments in a time bound manner, a scrutiny module for Presumptive tax assessment is developed by the Department. As GST is implemented, it is imperative that all pending VAT assessments should be completed in time bound manner to ensure that legitimate tax is remitted to the Government exchequer.

In order to streamline the scrutiny and assessment of Presumptive dealers, the following instructions shall be meticulously followed and actions shall be taken at district level by Dy Commissioner and at field level by the respective officers:-

**A. Strategy**

1. Completion of assessment of various years from 2011 to 2016 in time series after completing each year separately.
2. Take action as per the KVAT Acts and Rules

**B. Action Plan**

1. Updation of assessment files- Wherever the statutory returns/records/information/forms etc upon receiving them, the copy shall be kept in the assessment files and relevant data field to be noted in the Scrutiny Module.
2. Submission of statutory records like returns, OR/CR files(if any), any other as the Officer may deem fit as per the KVAT Act.
3. Other documents to be kept ready in files by the Assessing authorities are:
  - a) Any other report of the data mining, internal audit team, economic intelligence wing, CAG audit, O&M inspection.
  - b) Copies of the appellate Orders and Orders passed on the basis of the Appellate Orders.
  - c) Replies filed in respect of Data Mining cases, internal audit paras, CAG audit, Economic Intelligence Wing and O&M inspection notes.

**C. Organizing the works at the respective seats in the Circle.**

1. List out all the live and cancelled Presumptive dealers files-year wise and in descending order of tax payment.
2. Ensure that all the above dealers are included in the scrutiny module. If not, immediately, inform the list of the missing files to the email address [ScMpt.ctd@kerala.gov.in](mailto:ScMpt.ctd@kerala.gov.in). The assessing authority shall be solely responsible to ensure that all the Presumptive dealers files are included in the Scrutiny module. It is very important, otherwise the dealer may lose the opportunity to opt for the amnesty declared by the Government. Deputy Commissioner shall monitor the same.
3. The records gathering initiatives shall be taken appropriately for which general guidelines are already issued.

4. After receiving the statutory information the scrutiny shall be done in the Presumptive Scrutiny Module. If there is any balance payable tax or cess, the system will show the details.
5. The Standard operation Practice for Presumptive scrutiny Module is appended as Annexure-I.
6. The dealers pending assessment for the entire assessment years shall be done at a stretch.
7. The Assessing authorities shall complete the assessments in chronological order as per KVAT Act and Rules.
8. No undue adjournments to be given for submission of returns or other relevant records, as the dealer have already taken years, in some case five years. More than two adjournments to be given only with the permission of the Deputy Commissioner based on genuine reasons.
9. The completed assessment orders to be passed and served in time. The notices and orders to be uploaded in the Module.
10. All supervisory officers shall give approval of draft notices and orders only after thorough verification of the details especially the data fed in the 'blank fields' of the Presumptive Scrutiny Module comparing the same with the relevant submitted documents. The assessing authority may use highlighter to indicate from where the figures have been peaked up and fed in the Scrutiny module at the time of submitting the draft seeking approval.
11. Deputy Commissioners shall monitor submission of all statutory documents of the dealers in time.
12. The Deputy Commissioners shall monitor the progress of scrutiny and assessment. They shall report the same every week. The reporting format will be separately sent.
13. The Circular has stipulated broad strategy, methodology to organize the work in the office and various issues to be looked into, which is a guideline/Checklist. It is the responsibility of the Deputy Commissioner and the Assessing authority to ensure that all the statutory requirements as per the KVAT Act and Rules have

been taken into consideration for completing the assessments and recovery of tax.

**D. General Instructions**

1. All Deputy Commissioners shall ensure the follow up at the Circle level with all the assessing authorities and regularly report the progress done in the district.
2. All respective nodal officers of the districts shall monitor the actions taken by the Assessing authorities at the Circle and facilitate further.
3. From Head Quarter a special team shall do continuous supportive supervision.

**E. Instructions regarding Amnesty**

1. The Government has announced Amnesty scheme for the Presumptive Tax dealers. The assessments are mandatory before applying for amnesty, hence the above module may be used efficiently.
2. Along with the Pre Assessment notice the print of amnesty calculation also may be given to encourage the dealers to opt for amnesty immediately as there is a specified time period 30<sup>th</sup> June 2018 to submit applications for amnesty.
3. It is the responsibility of Dy Commissioners to ensure that along with the Assessment orders the amnesty calculations are informed to the Dealer so as to enable the dealer to understand their actual tax liability and the amnesty amount as per the amnesty scheme declared by the Government.

  
**Pri secretary & Commissioner**

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Addl Commissioner

All Jt. Commissioners

All Deputy Commissioners of the districts

Deputy Commissioner (Internal Audit)

C Section/Stock file.