

No. C7.4107/08/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated 25-4-08

CIRCULAR No.19/08

Sub:- KVAT Act 2003 – Levy of Advance Tax - estimation of sale value – Addition of gross profit- instructions-issued
Ref:- (1). Circular No. 50/06 dt. 18.12.06 of CCT
(2). Circular No. 53/06 dt. 22.12. 06 of CCT.

As per Circular read as 1st paper above as amended subsequently certain goods were brought under the category of goods on which advance tax has to be collected. Accordingly advance tax has to be collected on the estimated sale value and as per Circular read as 2nd paper it was decided that while estimating the sale value gross profit at 5% is to be considered invariably on all commodities.

Now it is brought to notice that some goods will not fetch gross profit at the prescribed rate and so estimation of sale value considering GP at 5% will cause inconvenience and blockage of fund.

On a review, the following instructions are issued:

While estimating the sale value for the purpose of collecting advance tax the gross profit element as specified in Circular No. 53/06 need not be considered.

This instruction will not preclude any assessing authority in estimating the sales turnover in the course of any assessment proceedings based on any materials available on record.

All officers will see that the above instructions are carried out.

Commissioner