

No.C7/14063/06/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated 25-1-2008

CIRCULAR No. 2/08

Sub: Adjustment of input tax credit against CST - reg.

Several instances have come to the attention of the Commissionerate where dealers having interstate transactions have been adjusting excess input tax credit in their account against CST dues without producing proof of interstate transactions.

Attention of all concerned is drawn to the fact that the onus of proving exemptions / concessional rate of tax / set off / adjustments is on the dealer who claims the same, and that he has to produce proof in that regard.

While it is true that extended periods of time have been given by the statutes for production of C / F /H Forms, there has unfortunately been a tendency on the part of some dealers to go on postponing submission of these Forms to the assessing officer and still continue adjustment of input tax credit against the CST due.

The statute is clear on this point; C / F /H Forms shall be produced before the assessing authority in the **month** following the quarter in which the transaction has occurred.

Similarly, Rule 22 says that statement in Form 44 shall be submitted along with the VAT Return every month. It is also well settled in law through a catena of decisions that interstate transactions need to be proved through submission of transportation documents such as RR / LR in addition to C / F Form.

In view of the foregoing all concerned are hereby directed to disallow claims for adjustments of input tax credit against CST for the period up to 30-9-2007 in case C / F /H Forms, the consequential statement in Form 44 and the transportation documents have not been produced as yet.

The action taken in this regard shall be reported to the Commissionerate in the course of the next fortnight.

Commissioner

To

All Deputy Commissioners

31-1-2008

Corrigendum

The word "*month*" in para 4 above shall be read as "*quarter*".

Commissioner