

CIRCULAR.30/08

Sub:- C.T. Intelligence wing – Checking of goods vehicle in transit -
Relevance for data collection for cross verification -
Instructions issued – reg.

(1) Performance review of the checking of goods vehicle in transit by the Intelligence squads did not reflect desired result in the VAT scenario. There is very little accountability for vehicle checking and document. Monthly diary figures of intelligence formation of the State would reveal verification of large number of goods vehicles. Total number of vehicles checked by various squads have no match with the manpower utility and the time taken for checking of goods vehicles and scrutiny of documents. In the VAT scenario, the bounden duty of the officers is to gather maximum information from the trade so as to make them for self compliance. Apart from this, the field information so collected can be used for cross matching the returns filed by the trade. No such data capturing is being done from the vehicle checking process. Whereas, verification figures are aimed to show considerable growth in the number of vehicles checked and security deposit collected. They do not possess valuable trade information viz. the details of the vehicle checked; irregularities noticed such as the date, vehicle number, goods, consignor, consignee, valuation of goods etc. Admittedly, inflated figures are reported in the monthly diary and such invaluable data goes unrecorded or cross verified

(2) General scrutiny of the O.R cases booked by the Squads during the vehicle checking would reveal highly laconic orders which perse serve no purpose for scrutiny. Security deposits were invariably being collected on technical offences despite statutory mandate. The collection of Security Deposit and refund of the same after enquiry in such cases are quite unwarranted work which would ultimately lead to refund. So much so, Intelligence squads had occasion to invite severe criticism from the courts due to casual disposal of excellent crime files that carry valuable business information. The resources available to the department in terms of manpower and infrastructure are fairly limited, and it is imperative that the available resources should be augmented intelligently, so as to identify evasion tactics peculiar to VAT so as to plug revenue leakage. Hence in order to further streamline and redefine the role and activities of the Intelligence wing in tune with VAT scenario and for proper utilisation of the data gathered during vehicle checking, the following instructions are issued.

(3) All Inspecting officers who conducts inspection of goods vehicles in transit shall maintain individual diary in the following format.

Sl.No	Date and time	Place of inter-ception of the goods vehicle.	Vehicle No.	Goods identified	Value	Invoice No. with Consignor details & TIN.	Consignee details with TIN.	O.R. number, if any.	Remarks

This information shall be furnished to the I.A.C.(I) concerned along with the monthly diary of the concerned Int. Squad. The Inspecting Assistant Commissioner shall arrange random scrutiny with KVATIS details. An extract of such details shall be forwarded to the Intelligence Officer (IB) concerned and who in turn shall get it cross verified with the returns.

(4) In the case of technical defects such as mistake in noting the correct TIN, address, etc. by the consignor, advance tax alone need be collected as per second proviso to sec. 47 (2) of the KVAT, provided the goods are owned by the consignee,

(5) In case the goods transported are in excess or shortage of the quantity as per the sale bills that accompanied the consignment, such a defect shall be specifically mentioned in the notice issued to the consignor, marking a copy to the consignee. Enquiry shall be conducted both at the consignor point and consignee. Speaking orders shall be issued with particular reference to the nature of tax evasion practised by the consignor and consignee. After collection of Security Deposit, information shall be passed on to the assessing authority as well as the Inspecting Assistant Commissioner (Int.) concerned.

(6) If the inspecting officer has reason to believe that the goods under transport are not covered by proper and genuine records or there is any attempt to evade payment of tax, the officer may for reasons to be recorded in writing detain the goods. At any rate no goods vehicle shall be detained over looking this statutory provision. If there is collusion in the matter of tax evasion, the goods vehicle shall also be detained and seized by the inspecting officer. The vehicle shall be released only after furnishing security as provided in sub-section (2) of section 47 of the Act. If the driver or person in charge of the vehicle is found guilty of the offence for a second time or subsequent time, the goods vehicle may be detained for a period not exceeding thirty days under proviso to subsection (3) of section 47 of the Act.

(7) If the Inspecting Officer detaining the goods has reason to believe that evasion of tax is practiced, the statement of the driver or the person in-charge of the vehicle with particular reference to the ownership of the goods, valuation, consignor or consignee details, mode of payment, transportation charges, insurance coverage, previous related transactions of the same nature etc. shall be recorded. The GVR/Trip sheet shall be recovered on receipt for further investigation purpose. While recovering the GVR/ Trip sheet, signature of the driver shall be ensured in the GVR sheet. In case of

suspected earlier transactions, the copy of the GVR / Trip sheet shall invariably be recovered. The statements so recorded shall be submitted to the enquiry officer with the connected O.R file for conducting statutory enquiry.

(8) If the inspecting officer has reason to believe that the tax exigible on the sale or purchase of goods under transport is not paid or where that the owner of such goods has defaulted payment of any tax or other amount due under the Act, the goods shall allowed to be transported after realising the tax due, with respect to the same as provided in sub section (4) of section 47. If the driver or person in charge of the goods or the dealer whose goods are under transport refuses to pay such tax, the goods under transport shall be detained and proceeded in the manner as if the transport of goods were intended to evade payment of tax due under the Act.

(9) Where the inspecting officer finds on interception of goods vehicle under transport that the goods are transported or intended to be transported in the name of bogus or un-identifiable person or under the cover of bogus documents, the officer shall after issuing the notice to the owner or the person in-charge of the vehicle seize the goods and sell the same in public auction. The sale proceeds shall be remitted to the Government. While effecting sale, VAT due shall be collected in addition on the sale value. The procedure contemplated in sub-section (16) of Sec.47 of the Act shall be strictly complied with.

(10) If the officer intercepting a goods vehicle finds that any dealer with a view to evade payment of tax shows in his accounts, sale or purchase of any goods at a price lower than the prevailing market price of such goods he shall have the power to purchase such goods, under Sec.45 of the KVAT Act. In the case of goods received on consignment basis, the value disclosed by the principal or the agent shall be taken into account together with transporting charges. Thereafter, the goods so purchased shall be entrusted for sale to the Kerala State Civil Supplies Corpn. Ltd. or Kerala State Marketing Federation Ltd. or to any such public distribution system. If the inspecting officer elects to sell the goods purchased for under valuation in public auction rule procedure should be strictly followed. A reasonable opportunity of being heard should be given to the person from whom the goods are purchased or the owner of the vehicle or driver or person in charge. In this context, Circular No.47/2006 dtd.04.12.2006 shall be strictly followed. While fixing the valuation of the goods so purchased, sale price notified by the Supplyco., Marketing Federation and other public distribution system may be taken as a basis.

(11) The vehicle checking shall be done only under the direct supervision of the Intelligence Officer, in case the Intelligence Officer is absent, prior permission of the Inspecting Assistant Commissioner (Int.) shall be obtained and Inspecting Asst. Commissioner (Int.) will monitor the work.

COMMISSIONER