



State Goods and Services Tax Department, Kerala,  
Tax Towers, Karamana, Thiruvananthapuram,  
[www.keralataxes.gov.in](http://www.keralataxes.gov.in)

**KERALA GST**

March 2018

CIRCULARS 2017

**KERALA** GST

# Circulars-2017

## KERALA GST



Government of kerala



## Foreword

The State GST Department is taking various initiatives to build the capacities of officers. One of the initiatives is publication of books on Clarifications and Circulars issued from time to time so as to get the information at one go. The book on Clarifications mainly gives information regarding the laws and rules to all the tax authorities as well as dealers and tax practitioners. The Circulars are issued to streamline the processes at the field level to achieve uniform application of processes and the laws.

We have published the books on Clarifications and Circular for the calendar year 2015 and 2016. We are now publishing the latest in series, Circulars of 2017 and Clarification of 2017.

The copies of books are available on website [www.keralataxes.gov.in](http://www.keralataxes.gov.in)

These books will be of use for doing VAT works in the field offices. I look forward to suggestions from officers to improve tax administration. The suggestions may be sent on the email address [cct.ctd@kerala.gov.in](mailto:cct.ctd@kerala.gov.in)

I appreciate the works done by Shri Justin and the Team to compile the Circulars and Clarifications issued in the year

Dr Rajan Khobragade  
Prl Secretary & Commissioner



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C2- 20837/2016/CT

Office of the Commissioner of  
Commercial Taxes, Tax Towers  
Thiruvananthapuram  
Dated: 09.01.2017

**CIRCULAR 01/2017**

Sub:- Maintenance of Manual registers also in Check Posts – Instructions issued -  
reg.

Ref:- Letter No. B2-5109/10 dated 20.06.2016 of the IAC, Neyyattinkara.

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The Inspecting Assistant Commissioner, Neyyattinkara has reported that certain Commercial Tax Inspectors in the Commercial Tax Check Posts at Thiruvananthapuram district are not approving 8F declaration on the grounds of system collapse, network failure, electricity failure etc. It is also suspected that some officials are colluding with the tax evaders in not approving the 8F declarations under such pretext. In order to arrest such fraudulent practices, instructions are issued to maintain manual registers to make necessary entries therein in times of power failure, system collapse, network failure, etc. The officials should enter the details of consignments in the No.I Register manually and the reasons therefore should also be mentioned in the General Diary. It is also directed that such declarations should be approved through system as soon as the online connectivity is re-instated. This circular direction is applicable to all Commercial Tax Check Posts.

  
COMMISSIONER



No.C1-13484/2015/CT

Office of the Commissioner of  
Commercial Taxes  
Tax Towers, 8<sup>th</sup> Floor  
Killipalam, Karamana – P.O.  
Thiruvananthapuram 695002  
Dtd.14 / 02 / 2017

**CIRCULAR No.02 / 2017**

Sub:- KVAT Act, 2003 – Tax on natural rubber – Invalidation of notification – reg.

Ref:- 1) S.R.O.No.796/2014 dtd.20-12-2014  
2) Govt. Lr.No.705098/B3/2016/TD dtd.21-11-2016.

As per the notification 1<sup>st</sup> read above, the Government had exempted 'natural rubber and its variants' from the tax payable under the Kerala Value Added Tax Act, 2003 for the period from 20<sup>th</sup> day of December, 2014 to 31<sup>st</sup> March, 2015.

Now, as per the reference 2<sup>nd</sup> cited, the Government has clarified that since the notification had not been introduced in the Assembly, the said notification became infructuous and void and informed to take further actions. As such, natural rubber and its variants as scheduled in the said notification become taxable as it stood before 20<sup>th</sup> Dec., 2014.

In the above circumstances, all assessing authorities are hereby instructed to take appropriate actions to assess the turnover of said commodities for the period from 20-12-2014 to 31-03-2015.

All Deputy Commissioners should acknowledge the circular.

  
COMMISSIONER

No.C1-2155/17/CT

Office of the Commissioner of  
Commercial Taxes  
Tax Towers, 8<sup>th</sup> Floor  
Killipalam, Karamana – P.O.  
Thiruvananthapuram 695002  
Dtd.14 / 02 / 2017

**CIRCULAR No.03 / 2017**

Sub:- KVAT Act – Section 42 – Extension of time for filing audit report and statements for the year 2015-16 – reg.

The time limit for filing certified audited report in Form No.13 and statement of particulars in Form No.13A by the companies for the assessment year 2015-16 was on or before 31<sup>st</sup> January, 2017 and for other dealers was on or before 31<sup>st</sup> December, 2016. Taking into account the representation from All Kerala Chartered Accountants' Association, the time limit is extended upto 31<sup>st</sup> March, 2017 for companies and other dealers. Further extension will not be granted.

All assessing authorities shall take note of the above position.

  
COMMISSIONER

No.C1-1928/17/CT

Office of the Commissioner of  
Commercial Taxes  
Tax Towers, 8<sup>th</sup> Floor  
Killipalam, Karamana – P.O.  
Thiruvananthapuram  
Dtd.14 / 02 / 2017

**CIRCULAR No.04 / 2017**

Sub:- Non-submission of annual financial statements and closing stock inventory – reg.

Ref:- Minutes of the DCs Meeting

As per the directions issued in various meetings with the Dy. Commissioners held at the Head Quarters, it was specifically directed that the Deputy Commissioners should take prompt actions against the dealers who failed to file Audited Statements and Reports in Form No.13 & 13A within the prescribed time limit. The district Dy. Commissioners were also directed to take prompt action for non-filing of annual statement of accounts like Trading and Profit & Loss Account, and Balance Sheet in the case of dealers who were not liable to file audit certificates as provided under Sec.42. It was also directed to take action against non-filers of closing stock inventory statements.

However, it is noticed that thousands of dealers have not filed the same for the period up to 2014-15 till this time. Hence, all Dy. Commissioners are hereby instructed to ensure that their assessing authorities initiate steps to get all the pending annual statement of accounts and closing stock inventory filed within the next 15 days. All Dy. Commissioners especially may ensure to get all statutory documents filed of the financial year 2011-12 as these will become time bar. In case any dealer still fails to file the above documents within the said time limit, the Dy. Commissioners may take appropriate actions to ensure that dealers file all the statutory documents.

All the Dy. Commissioners should ensure that by 1<sup>st</sup> March, 2017, all the non-filers submit all the pending audited annual statement of accounts, profit and loss accounts, trading accounts (wherever applicable) and balance sheet by way of compliance of this Circular.

  
COMMISSIONER



F1.Pdl-01/16-17

Office of the Commissioner  
Commercial Taxes  
Tax Tower, Karamana  
Thiruvananthapuram  
Dated 28/01/2017

**CIRCULAR NO 5/2017**

Sub :- Statement of Facts – Guidelines for proper submission – Instruction issued - reg

Statement of facts prepared by an Officer who is in the party array is the prime document relied up on by the Department to file counter affidavit and statements. Utmost care and caution have to be taken by the Officers while preparing it. Once an affidavit is filed, if anything is later found to be a wrong or misconceived fact, it tantamounts to misleading the Hon'ble Court. Hence it is the duty of each and every Officer of the Department to see and ensure that only correct, accurate and relevant statement of facts are furnished. In the circumstances, following guidelines are issued for proper execution of the above items of work.

(1) Statement of facts must be correct and complete in each and every aspect. Before furnishing statement of facts the concerned Officer must have a clear idea as to the specific contentions of the litigant.

(2) Once the point of dispute is ascertained, specific reply has to be furnished to that point. Elaborate, irrelevant and unnecessary narrations must be avoided in statement of facts. The submitted facts must be correct and accurate.

(3) A summarized version of the history of the case, the specific contentions of the litigant and reply of the Officer to the contentions have to be furnished with necessary elaborations. Parawise reply to the contentions and also to the grounds of petition urged must also be provided in the statement of facts, but while doing so stick on to the point in dispute and repetition must be avoided.

(4) Narration of legal issues must be in consonance with the statutory provisions, rules or clarifications. Contradictions or inconsistencies between statutory provisions and submission of facts must also be avoided. Interpretation of legal points according to the whims and fancies of the Officer is to be dispensed with.

(5) Importance has to be given to the dates and figures referred to in the Statement of facts. The chronological order of events must be correct and specific.

(6) If supportive documents are necessary, definitely it must be attached with the statement.

(7) After sending the Statement of fact by e-mail, it has to be ensured that the matter has been received in the office in due course by contacting the liaison officer. Also get the name of the Government Pleader appearing for the Department by contacting the liaison officer.

(8) The name, designation, mobile as well as land number of the Officer furnishing Statement of Facts has to be mentioned at the bottom of the SF so that in case of any emergency, the Government Pleader or the liaison officer can directly contact the Officer.

(9) If any discussion is required for enlightening any special or important thing, that can be done by contacting the Government Pleader.

✓ (10) Last but not the least, furnishing Statement of facts in time to the Advocate General is a matter of prime importance.

These instructions are to be strictly adhered to.

  
**COMMISSIONER**

To  
All Officers

**No. D2.92846/17/CT**

Office of the Commissioner  
Commercial Taxes Department  
Thiruvananthapuram  
Dated: 15.05.2017

**Circular No.06/2017****Guidelines for Deputy Commissioner for reporting tax collection details**

The Revenue Secretary, GOI and the Accountant General, Kerala have asked to provide the revenue collection details for the year 2015-16 in respect of Commercial taxes Department, Kerala for the purpose of calculation of Compensation consequent upon the roll out of GST. Hence, all Deputy commissioners and Managers of Deputy Commissioners are requested to provide the revenue collection details in the Proforma attached (Annexure I & II).

Deputy Commissioner shall also provide details in the same format for the year 2016-17.

In order to ensure data fidelity in furnishing figures, the following guidelines are issued:

- 1) The collection figures should only be taken from KVATIS and treasury remittance challans.
- 2) The reporting authorities should ensure that there is no duplication.
- 3) Rounding off of figures should be limited to two decimal points.(  
eg.29.425=29.43,29.424=29.42 etc )
- 4) Source documents supporting the collection figures should be duly authenticated by the Manager and countersigned by the respective Deputy Commissioners.

Deputy Commissioners shall be accountable for the collection figures reported by them. Hence, utmost care should be taken while preparing and reporting figures.

Sd/-  
**Commissioner**

## ANNEXURE-I

5. (1) Subject to the provision of sub-sections (2), (3), (4), (5) and (6), the base year revenue for a State shall be the sum of the revenue collected by the State and the local bodies during the base year, on account of the taxes levied by the respective State or Union and net of refunds, with respect to the following taxes, imposed by the respective State or Union, which are subsumed into goods and services tax, namely:— Base year revenue.

Rs In Crore

	2015-16	2016-17
(a) the value added tax, sales tax, purchase tax, tax collected on works contract, or any other tax levied by the concerned State under the erstwhile entry 54 of List-II (State List) of the Seventh Schedule to the Constitution; 74 of 1956.		
(b) the central sales tax levied under the Central Sales Tax Act, 1956;		
(c) the entry tax, octroi, local body tax or any other tax levied by the concerned State under the erstwhile entry 52 of List-II (State List) of the Seventh Schedule to the Constitution;		
(d) the taxes on luxuries, including taxes on entertainments, amusements, betting and gambling or any other tax levied by the concerned State under the erstwhile entry 62 of List-II (State List) of the Seventh Schedule to the constitution;		
(e) the taxes on advertisement or any other tax levied by the concerned State under the erstw		
(f) the duties of excise on medicinal and toilet preparations levied by the Union but collected and retained by the concerned State Government under the erstwhile article 268 of the Constitution;		
(g) any cess or surcharge or fee leviable under entry 66 read with entries 52, 54, 55 and 62 of List-II of the Seventh Schedule to the Constitution by the State Government under any Act notified under sub-section (4), prior to the commencement of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016:		

Provided that the revenue collected during the base year in a State, net of refunds, under the following taxes shall not be included in the calculation of the base year revenue for that State, namely:—

(Rs In crore)	2015-16	2016-
17		
(a) any taxes levied under any Act enacted under the erstwhile entry 54 of List-II (State List) of the Seventh Schedule to the Constitution, prior to the coming into force of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016, on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption;		
(b) tax levied under the Central Sales Tax Act, 1956, on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption;		
(c) any cess imposed by the State Government on the sale or purchase of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption; and		
(d) the entertainment tax levied by the State but collected by local bodies, under any Act enacted under the erstwhile entry 62 of List-II (State List) of the Seventh Schedule to the Constitution, prior to coming into force of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016.		



**Signature of the Manager**

**Verified and found correct**

**Signature of the Deputy Commissioner**

**ANNEXURE-II**

Dist:

YEAR:2015-16

Month:

Collection-Commercial Taxes Department			
	KVATIS Colln (By System) Rs.in Crore	Non KVATIS Colln (Chalan Collection) Rs. in Crore	Total (1+2)
	1	2	
KGST			
VAT			
AIT			
LT			
CST			
LOTTERY			
SURCHARGE			
CESS			
OTHER DEPARTMENT			
OTHERS (Specify)			
Total			

Signature of the Manager

Verified and found correct

**Signature of the Deputy Commissioner**

Note:-These details are collected for the purpose of compensation claim under GST,for which Govt.Of

India is insisting the source document. Hence all Deputy Commissioners are requested to pay attention for preparing the details with all seriousness.

Dist:	YEAR:2016-17	Month:	
Collection-Commercial Taxes Department			
	KVATIS Colln (By System) Rs.in Crore	Non KVATIS Colln (Chalan Collection) Rs. in Crore	Total (1+2)
	1	2	
KGST			
VAT			
AIT			
LT			
CST			
LOTTERY			
SURCHARGE			
CESS			
OTHER DEPARTMENT			
OTHERS (Specify)			
Total			

Signature of the Manager

Verified and found correct

**Signature of the Deputy Commissioner**

Note:-These details are collected for the purpose of compensation claim under GST,for which Govt.Of

India is insisting the source document. Hence all Deputy Commissioners are requested to pay attention for preparing the details with all seriousness.

No.C7-9230/2017

Office of the Commissioner of  
Commercial Taxes  
Thiruvananthapuram- 695 002  
Dated 08-6-2017

**Circular No. 07/2017**

Sub:- KVAT Act 2003- Compounding Under section 8 (a)- reg.

The last date for filing compounding application is 30<sup>th</sup> April of every year. In view of the impending GST roll out, no further extension has been granted this year for filing option Under section 8 (a) of the KVAT Act.

However, considering the special circumstances pointed out by Government Contractors with regard to works already undertaken and already completed, belated compounding application only of such dealers can be accepted up to 15<sup>th</sup> June 2017.

  
COMMISSIONER

No.C7-9808/17

Office of the Commissioner of  
Commercial Taxes  
Thiruvananthapuram 695 002  
Dated 08-6-2017

CIRCULAR No.08/2017

Sub:- KVAT ACT 2003- Annual return 2016-17- Extension of time limit-  
reg.

Taking into account various representations received from trade bodies, the last date for filing Annual Return along with enclosures for the year 2016-17 is extended up to 15<sup>th</sup> June 2017.

In view of the impending GST roll out, no further extension will be granted. Those who fail to file Annual Return along with enclosures on or before 15<sup>th</sup> June 2017, in addition to penalty as per law, the value of closing stock will be treated as NIL and based on that further actions will be initiated as per law.

  
COMMISSIONER



**Office of Commissioner Commercial Taxes Department, Tax Tower,  
Thiruvananthapuram**

**No C1-1880/16/PF-I**

**CIRCULAR No 9 / 2017 Dated 16<sup>th</sup> June 2017**

**Sub: GST – streamlining statutory forms submission under CST Act and  
completion of assessments- Reg**

**Ref: Circular 28/07, 2/08**

1. It has come to the notice that CST assessments are pending for a long time. It is also noticed that a lot of dealers are claiming concessional rate against 'C' Form and exemption under 'F', 'H', 'I' Forms and certificate in E-I, E-II Forms, but yet to file the same with the department even from 2011-12 onwards.
2. It is seen that in spite of giving specific instructions, neither the dealers are following the same, nor the officers are implementing it. Without production of statutory forms, even adjustments of CST at concessional rate against the excess input tax credit being allowed and for such defaulters advance tax at concessional rate was also allowed.
3. It is seen that non filing of statutory forms for long years has resulted into filing of bogus C forms to avail the concessional rates.
4. Now GST is going to be implemented from 01.07.2017, the pending arrear assessments has to be completed immediately.
5. As per Rule 12(7) of CST (Registration and Turnover) Rules 1957 the declaration in Form C and F or the certificate in Form E-I or E-II shall be furnished to the prescribed authority within 3 months after the end of the period to which the declaration or certificate relates. It is also prescribed that if the authority is satisfied that the person concerned was prevented by sufficient cause from furnishing the declaration or

certificate, he can permit specific time period for submission, failing which the authority is responsible to process the case as per the law.

6. Now most of the states are issuing downloaded Forms therefore there is no justification for undue delay.

In the circumstance, the following instructions are issued for compliance-

- A. Dealer shall submit C' forms, 'F' forms, certificates in E-I and E-II for the period up to March 2017, by 30<sup>th</sup> June, 2017.
- B. Regarding subsequent period transactions the statutory forms shall be submitted by 30<sup>th</sup> September, 2017.
- C. Assessment at higher rate of tax shall be done in case of non filers and the adjustment of concessional rate of CST against the excess input tax credit shall be reversed.
- D. All assessment shall be completed immediately without any further delays.
- E. Deputy Commissioners shall personally monitor the progress and report monthly.

  
COMMISSIONER



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**Office of Commissioner Commercial Taxes Department, Tax Tower,  
Thiruvananthapuram**

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**GSTC 24614/16/CT Eoffice 11137/17**

**Dated 22nd June 2017**

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**CIRCULAR No 10**  
**Sub:- Stock – Input tax credit – reg.**  
**Ref: Advisory 1 dated 22<sup>nd</sup> June 2017**

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Kerala state follows a mechanism where the excess input tax at the end of the year is granted as refund. So the excess input tax for the financial year 2016-17 has to be dealt with under the Kerala Value Added Tax Act i.e., by granting refunds after due verification pursuant to application under 21CC, 21C or Rule 89.

As per the GST law for April, May and June 2017; the input tax credit can be carried forward. The regular TIN dealers have to file return for June 2017 in time and that will contain legally available input tax credit for the first quarter of 2017-18. For the carry forward of this excess input tax credit in the GST Law, the dealers have to file Form 'GST TRAN-1' on or before 30<sup>th</sup> September, 2017 (within 90 days) from the day of roll out of GST.

The next step involved is the verification of the claims of credit. It is to be done under Sec.73 or 74 of GST Act. After filing of annual return steps of audit may be planned with regard to such cases. During Audit, the books of accounts along with financial statements of the assessee has to be verified along with the returns and other documents to be filed under KVAT Act.



It is advisable that we may complete verification as and when the dealers filing 'GST TRAN-1'.

The credit of Central Taxes subsumed in GST will be verified by CGST authorities.

The following points are to be verified with regard to carry forward of input tax credit by regular TIN dealers:

Deales have complied with

1. Filing of all returns for the month of April, May, June, 2017 along with enclosures.
2. Filing of returns and audited statement of accounts for the year 2016-17.
3. Filing of statutory forms claiming exemption or reduction under CST Act.
4. Filing of closing stock as on 30-06-2017 along with PMT 1 has to be examined with closing stock of 31-03-2017 along with purchase and sales.
5. The order and availment of credit on capital goods has to be verified.
6. In cases where concessional rate has been claimed without production of statutory forms, proportionate ITC has to be disallowed.

  
COMMISSIONER

**Copy to –**

All Dy Commissioners for information. They are instructed to orient the assessing authorities.

GST Cell – for record





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**Office of Commissioner Commercial Taxes Department, Tax Tower,  
Thiruvananthapuram**

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**B11/18928/10/CT**

**Dated 4<sup>th</sup> July 2017**

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**CIRCULAR No 11**

**Sub:- CTD- Use of NIC e-mail facility for official purpose-Instructions issued-Reg**

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1. The National Informatics Centre has provided an e-mail facility to all the State Government employees of Kerala in their domain name 'Kerala.gov.in'. The Government is of the view that all the Government communications shall be through an official domain and hence the Commercial Taxes department has done away with mail facility provided to its employees through Rediff mail and made use of the NIC e-mail facility from February 2016 onwards. The HQ has also taken action to generate mail ids in the NIC domain to all the department staffs.
2. Any communications in our department are of sensitive nature. As the domains are private, the information access is easy to anywhere else. Government of India have made it mandatory for all the departments in Govt of India to use government domain for email communication.
3. In this background it is a good practice that all official communication to sub offices shall be only in NIC domain.
4. The Government data is having multifaceted implications and hence its confidentiality is to be maintained with due diligence. As the Service

provider, the private companies will have access to the Government data which is detrimental to the interests of the state. The department cannot afford to risk the important data and hence all the Departmental officials are hereby instructed to make use of the NIC mail service facility immediately.

5. Those officials who are having no NIC mail address must report the fact to HQ on or before 7/07/2017 so that action can be initiated to generate mail ids in NIC domain. The Deputy Commissioners are instructed to furnish a certificate to CCT to the effect that all the employees of the department working in the respective district have obtained their mail address from NIC by 15/07/2017.
6. All the officers at Head quarter and the district offices may note that no email correspondence with respect to GST matter shall be done from private domain emails.

  
**COMMISSIONER**

**Copy to –**

All Jt Commissioners

All Dy Commissioners for information. They are instructed to complete the task promptly.

GST Cell – for record



Office of Commissioner of State Goods and Services Tax  
Tax Towers, Thiruvananthapuram

C1-24614/16/CT

Dated 26<sup>th</sup> June, 2017

CIRCULAR No.12 / 2017

Sub:- Kerala Goods and Services Tax Ordinance, 2017 – Sec.10 –  
Extention of time limit for filing intimation for composition levy  
under sub-rule (1) of Rule 3 of the Kerala Goods and Services  
Tax Rules, 2017 – reg.

Ref:- Order No.1/17-GST dtd.21-07-2017 for GST Policy Wing, Govt.  
of India.

In exercise of the powers conferred by sub-rule (1) of Rule 3 of Kerala  
\*Goods and Services Tax Rules, 2017, the period for filing intimation for  
composition levy in FORM No.CMP-01 is extended up to 16<sup>th</sup> August, 2017.

  
COMMISSIONER



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**Office of Commissioner**

**Kerala Goods and Services Taxes Department,**

**Govt of Kerala, Thiruvananthapuram**

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**No CT /14646/2017-C1**

**Dated 22nd Sept 2017**

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**CIRCULAR No 13**

**Sub:- KVAT Act 2003- Works Contracts-Assessments – reg.**

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Government has set up the target of total revenue Rs 42000 crores which is 25% revenue growth this financial year. It is observed that the progress of the revenue work is slow. The Government have informed to take strategic actions to improve the revenue by identifying potential areas and completing the priority cases within the identified potential areas.

The Works contract is one of the important areas to be examined in detail. Random verification of assessment records relating to works contracts done in some of the districts revealed that the record keeping of the cases is very poor. The statutory forms, certificates and statements as prescribed in KVAT Act and Rules to prove the veracity of claims have not been adduced. In majority of cases scrutiny and assessment not attempted, wherever done in such cases turn over exemption is granted and assessments are completed by accepting the return figures without any corroborative evidence to establish exemptions. The officers are not sending pre assessment notices therefore the dealers are not filing statutory forms, the cases are going time bar and such things have been

going on. This could have resulted in huge revenue losses to the State exchequer.

Another thing noticed is that the scrutiny and assessment are pending and many cases are now time barred. As GST is implemented, it is important that all pending VAT assessment especially in Works Contracts should be completed in time bound manner to ensure that no case becomes time bar and tax due is collected in time.

In order to streamline the works the following instructions shall be meticulously followed -

**A. Strategy**

1. Completion of scrutiny and assessment of various years
2. Passing of modified orders on the basis of Appellate orders
3. Fresh disposal of remanded cases
4. Disposal of LAR cases

**B. Action Plan**

- a. Updation of Assessment files
- b. Submission of the following statutory forms/ certificates
  - i. Form No 20 H in the case of amount given to Sub Contractor
  - ii. Trading and profit and loss account
  - iii. Copy of labour contract or proof of SEZ in the case of zero rated works
  - iv. Form No 20 F , if availed TDS credit
  - v. From No 20 E, if paid amount to sub contractors without collecting TDS
  - vi. Summary statement of purchases
  - vii. Audited statement ( Form No 13, 13 A)
  - viii. Closing stock inventory



- ix. Proof of payment of TDS if any
  - x. Income tax return and Tax audit report
  - xi. Annual returns
  - xii. Financial statements like manufacturing, trading, profit and loss account and balance sheet
  - xiii. Copies of works contract agreement
  - xiv. Form 43
  - xv. Form 10 C
- c. Other documents to be kept ready in files by the Assessing authorities are -
- i. Any other report of data mining, internal audit team, economic intelligence wing, CAG audit, O&M inspection
  - ii. Copies of appellate orders and orders passed on the basis of Appellate orders
  - iii. Replies filed in respect of Data mining cases, internal audit paras, CAG audit, Economic intelligence wing and O&M inspection notes

#### **Organizing the works at the works contract units –**

1. Analyse pending assessment files for the last 5 years and other files over and above five years, which can be taken up wherever the law permits, extensions granted, CAG audit cases etc
2. Identify top potential files and list out in a descending order
3. Divide these files among the staff and monthly complete the potential cases.
4. At the outset, all the staff shall ensure that all the available documents are kept systematically in the file as stated above.

5. Identify missing documents and statutory documents submission etc.
6. Take actions to get the statutory documents submitted in time bound manner
7. After collating all the required documents, do deep scrutiny and assessments
8. Send monthly report to the Head quarter. A separate proforma will be sent separately.
9. While doing assessment preference shall be given to cases falling in limitation period.
10. The dealers pending assessment for entire assessment year shall be done at a stretch without piecemeal assessment.
11. No undue adjournment to be given. More than two adjournments to be given with permission of Dy Commissioner based on genuine grounds only.
12. A separate register shall be kept for Appellate orders and follow up action has to be properly entered in it.
13. The completed assessment orders to be passed and served in time. The notices and orders to be uploaded in Peer review module.
14. Dy Commissioners shall assess and monitor submission of all statutory documents by the dealers in time. They shall report the same every week.
15. All supervisory officers shall give approval of the draft notices and orders only after thorough verification of the details.
16. All supervisory officers shall verify completed assessments cases exemption given based on the filing of statutory documents, tax rates and application.

### SCRUTINY OF COMPOUNDED DEALERS IN WORKS CONTRACT

Sl No.	Nature of Defect	Result of Verification	Source of Verification
I	<b>Eligibility for Compounding:</b>		
1	Whether compounding application filed	<b>Yes/No</b>  ( If no proceed to scrutiny of non-compounded dealers)	KVATIS>Dealer Information  >Online applications > Year>Compounding application.
2	Type of compounding application filed	<b>Annual/Work wise</b>  (If work wise compounding opted verify list of non-compounded works if any and proceed to scrutiny of non-compounded dealers for such works)	KVATIS >Dealer Information  >Online applications > Year >Compounding application >whether compounded for all works>Yes/No.
3	Whether Compounding application filed in time?  <u>Annual Compounding:</u>  On or before 30th April or such period extended.  <u>Work wise Compounding:</u>  Within 30 days of date of execution of agreement.	<b>Yes/ No</b>  ( If no proceed to scrutiny of non-compounded dealers)	1. KVATIS >Dealer Information  >Online applications > Year >Compounding application >Date of filing.  2. Date of execution of Agreement filed.
4	Whether transfer of material is not in the form of goods	<b>Yes/ No</b>  ( If no proceed to scrutiny of non-compounded dealers- if sales proceed as per rule 10 )	1. Nature of work declared in Returns.  2. Nature of work declared in Audit Report.  3. Nature of work as per Agreement and schedule filed.



5	Whether contractor is having CST/Import of goods for incorporation in works contract executing works contract in negative list  (Applicable for new and old works w.e.f 01.04.2015 )	Yes/ <b>No</b>  ( If yes proceed to scrutiny of non-compounded dealers)	<p><u>CST Details:</u></p> <p>1. KVATIS &gt;Returns&gt;Select return of the dealer&gt;Dealer details&gt; CST details.</p> <p>(Relying on CST data in return may not be correct since it shows the current position of CST of a dealer and does not reflect previous CST data of a dealer.</p> <p>(AND)</p> <p><u>Import Details:</u></p> <p>1. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Check post transactions &gt;Consignee&gt;year.</p> <p>2. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Parcel transactions&gt;Period.</p> <p>3. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Form 8FA&gt;Period.</p>
II	<b>Rate of Tax:</b>		
1	Type of Awarder	<p>(a) Govt of Kerala, LSGD and KWA.</p> <p>(b) Other Awarders</p>	<p>1. Awarder details declared in Returns.</p> <p>2. Awarder details declared in Audit Report.</p> <p>3. Awarder details as per Agreement and schedule filed.</p>
2	Whether dealer is having CST/Import of goods for incorporation in works contract.	Yes/ <b>No</b>	<p><u>CST Details:</u></p> <p>1. KVATIS &gt;Returns&gt;Select return of the dealer&gt;Dealer details&gt; CST details.</p> <p>(Relying on CST data in return may not be correct since it shows the current position of CST of a dealer and does not reflect previous CST data of a dealer.</p> <p><u>Import Details:</u></p> <p>1. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Check post transactions &gt;Consignee&gt;year.</p>

2. KVATIS>Returns>Select Return of the dealer>Parcel transactions>Period.

3. KVATIS>Returns>Select Return of the dealer>Form 8FA>Period.

### III **Contract Value /**

#### **Taxable turnover**

1	Whether whole contract amount declared is correct	Yes/No	<p>1. Gross Contract amount of work declared in Returns.</p> <p>2. Gross Contract amount of work declared in Audit Report.</p> <p>3. Gross Contract amount of work as per Agreement and schedule filed.</p>
2	Whether awarder supply is included in whole contract amount	Yes/No	<p>1. Gross Contract amount of work declared in Returns.</p> <p>2. Awarde supply in P&amp;L A/c.</p> <p>3. Agreement.</p>
3	Whether balance contract amount carry forwarded to current year.	Yes/No	<p>1. Part A - Details of ongoing contracts in Previous year return-Balance outstanding with Amount received up to the previous quarter in Current year return.</p> <p>2. Part A - Details of ongoing contracts in Previous year return-Balance outstanding with Contract Receipts - new and old contract in Audit Statement.</p>
4	Whether 6(2) tax applicable and paid (01.04.2014 to 02.09.2014)	Yes/No	<p>1. Agreement and schedules filed.</p> <p>2. Part BA in Return.</p>
5	Whether 6(2) purchase comparable with nature of work.	Yes/No	<p>1. Part BA in Return.</p> <p>2. Unregistered Purchase in P&amp;L A/c.</p>
6	Whether liable to pay tax on Inter - state purchases.  01.04.2009 to 31.03.2014)	Yes/No	<p>1. Part E of Return - Inter-state purchases with tax liability.</p> <p>2. Inter-state purchase as per KVATIS data.</p>

Import Details:

1. KVATIS>Returns>Select Return of the dealer>Check post transactions >Consignee>year.

2. KVATIS>Returns>Select Return of the dealer>Parcel transactions>Period.

3. KVATIS>Returns>Select Return of the dealer>Form 8FA>Period.

**IV Claim of Exemption:**

1 Whether exemption claimed Yes/No

1. Part B of Return.

2. Form 13A>Works Contract> Contract >Exempted.

2 Whether proof of exemption for land value claim filed. Yes/No

1. Part B of Return.

2. Copy of registered land deed.

3 Whether proof of exemption for labour contract filed. Yes/No

1. Return.

2. Copy of labour contract agreement.

3. Copy of Service tax return.

4 Whether proof of exemption for sub contract filed Yes/No

1. Form 20 H countersigned by Assessing Authority.

2. Authenticated copy of invoice.

3. Copy of sub contract agreement.

**V Unaccounted Transactions:**

1 Unaccounted purchases Yes/No

Cross verify purchases as per return with KVATIS data and purchases in P&L A/c.

1. KVATIS>Returns>Select Return of the dealer>Check post transactions >Consignee>year.

2. KVATIS>Returns>Select Return of the dealer>Parcel transactions>Period.

3. KVATIS>Returns>Select Return of the dealer>Form 8FA>Period.

			<p>4. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Unaccounted purchases&gt;Period.</p> <p>5. Purchases as per P&amp;L A/c.</p>
2	Un accounted works	Yes/No	<p>1. Works declared in Part A of Returns and Contract Receipts in Audit Statement.</p> <p>2. Unaccounted sales invoices:</p> <p>Returns&gt;Invoice Verification &gt;Sales&gt;Unaccounted.</p> <p>3. TDS Statement in KVATIS: Returns&gt;Reports&gt;Works Contract&gt;Awarder details.</p> <p>4. Form 26 AS from IT Department.</p> <p>5. Bank Account.</p> <p>6. IT Return.</p>
3	Whether contract receipts as per Return and audit report/P&L A/c are correct.	Yes/No	<p>1. Compare amount received during the quarter in Part B of Return with Column No.12 in Works Contract in Form 13A and Contract Receipts in Profit and Loss Account filed.</p>
4	Delivery Note used.	Yes/No (If yes verify with location of works)	<p>1. KVATIS&gt;Returns&gt;Select Return of the dealer&gt;Delivery Note &gt; Period.</p>
VI	<b>TDS Verification</b>		
1	TDS claim if any	Yes/No	<p>1. Return &gt;Summary column&gt; Other&gt;TDS.</p>
2	Proof for TDS claim filed.	Yes/No	<p>1. Form 20 F.</p>

### SCRUTINY OF NON-COMPOUNDED DEALERS IN WORKS CONTRACT

Sl No.	Nature of Defect	Result of Verification	Source of Verification
1.	Status of dealer	(a) Works of Govt of Kerala, LSGD and KWA. (b) Works of Other Awarders. (c) Builder	1. Nature of work declared in Part A of Returns. 2. Nature of work declared in Audit Report. 3. Nature of work as per Agreement and schedule filed.
2	Whether compounding application filed	<b>Yes/No</b> ( If no proceed to scrutiny of compounded dealers)	KVATIS>Dealer Information >Online applications > Year>Compounding application.
3	Whether sale of goods	<b>Yes/ No</b> (sales proceed as per rule 10 )	1. Nature of work declared in Part A of Returns. 2. Nature of work declared in Audit Report. 3. Nature of work as per Agreement and schedule filed.
4	Nature of Work	Civil, Electrical, etc.	1. Nature of work declared in Returns. 2. Nature of work declared in Audit Report. 3. Nature of work as per Agreement and schedule filed.
I	<b>Contract Value/ Taxable turnover</b>		
1	Whether whole contract amount declared is correct	Yes/No	1. Gross Contract amount of work declared in Returns. 2. Gross Contract amount of work declared in Audit Report. 3. Gross Contract amount of work as per Agreement and schedule filed.
2	Whether awarder supply is included in whole contract amount	Yes/No	1. Gross Contract amount of work declared in Returns. 2.Awarder supply in P&L A/c.
3	Whether balance contract amount carry forwarded	Yes/No	1. Part A - Details of ongoing contracts in Previous year return-Balance outstanding with Amount received up to the previous quarter in Current year return.



2. Part A - Details of ongoing contracts in  
Previous year return-Balance outstanding with  
Contract Receipts - new and old contract in  
Audit Statement.

## II Claim of Exemption:

1	Whether exemption claimed	Yes/No	1. Part B of Return. 2. Form 13A>Works Contract> Contract >Exempted.
2	Whether proof of exemption for land value filed.	Yes/No	1. Part B of Return. 2. Copy of registered land deed.
3	Whether proof of exemption for sub contract filed	Yes/No	1. Form 20 H countersigned by Assessing Authority. 2. Authenticated copy of invoice. 3. Copy of sub contract agreement.
4	Whether Audit Report filed	Yes/No	1. KVATIS>Returns>Audit Report. 2. Form 13,13A filed.
5	Exemption claimed as per Rule 10 (2) (b).	Yes/No	1. Part B of Return. 2. Form 13A>Works Contract> Contract >Exempted. 3. Statement showing computation of turnover as per Rule 10 (2) (b).
6	Proportion of Declared goods in taxable turnover.		1. Returns > Part E>Turnover of declared goods. 2. Purchase value of declared goods as per Profit and Loss Account. 3.Returns>Invoice verification>Purchases>Build from others 4. Value of declared goods incorporated as per Statement showing computation of turnover as per Rule 10 (2) (b).
7	Whether taxable turnover declared is less than cost of goods incorporated.	Yes/No	1. Taxable turnover as per Part B of return. 2. Cost of goods incorporated as per Rule 10 (2)

(b).

8	Form 49 by builders	Yes/No	1. Verify the details with receipts in Part B of Return.
9	Whether the project is a joint venture	Yes/No	1. Verify the agreements filed. 2. Ensure that tax paid on consideration in any form given to the land owner like flats, commercial building, cash, etc.
10	Whether exemption claimed on completed projects.	Yes/No	1. Proof of completion. 2. Ownership license from LSGD in the name of builder. 3. Non-existence of any prior agreement or payment of advances if any. 4. Source of finance.

IV **Unaccounted Transactions:**

1	Unaccounted purchases	Yes/No	Cross verify purchases as per return with KVATIS data and purchases in P&L A/c.  1. KVATIS>Returns>Select Return of the dealer>Check post transactions >Consignee>year. 2. KVATIS>Returns>Select Return of the dealer>Parcel transactions>Period. 3. KVATIS>Returns>Select Return of the dealer>Form 8FA>Period. 4. KVATIS>Returns>Select Return of the dealer>Unaccounted purchases>Period. 5. Purchases as per P&L A/c.
2	Un accounted works	Yes/No	1. Works declared in Part A of Returns and Contract Receipts in Audit Statement. 2. Unaccounted sales invoices: Returns>Invoice Verification >Sales>Unaccounted. 3. TDS Statement in KVATIS: Returns>Reports>Works Contract>Awarder

details.

4. Form 26 AS from IT Department.

5. Bank Account.

6. IT Return.

3	Delivery Note used.	Yes/No (If yes verify with location of works)	1. KVATIS>Returns>Select Return of the dealer>Delivery Note > Period.
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#### V **TDS Verification**

1	TDS claim if any	Yes/No	1. Return -summary column.
2	Proof for TDS claim filed.	Yes/No	1. Form 20 F.

#### VI **IPT Claim verification**

1	Whether IPT credit claimed is correct.	Yes/No	1. Returns> IPT as per Part E. 2. Returns>Invoice verification>IPT comparison. 3. Returns>Invoice verification>Purchases>Build from others>IPT total.
2	Whether IPT claimed on purchases effected for compounded works.	Yes/No	1. Verify whether contractor is having compounded and non-compounded works. 2. Returns>Part E > Purchases. 3. Purchases - work wise analysis.



All Dy Commissioner shall ensure the follow up and regular reporting. The reporting format will be separately sent.

All respective nodal officers shall monitor at the circle the action taken and facilitate further.

From Head Quarter a special team shall do continuous monitoring of the follow up actions.

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 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 the tax.

  
COMMISSIONER

**Copy to –**

All Jt Commissioners

All Dy Commissioners for information. They are instructed to orient the assessing authorities.

ITMC section – To upload the circular in web site

C Section

No.16472/16/CT

Office of the Commissioner of  
Kerala State Goods & Services Taxes Dept.  
Tax Tower, Karamana, Thiruvananthapuram  
Dated 21-11-2017

**CIRCULAR No. 14 / 2017**

Sub:- Requests for Revision of returns for previous years – Guidelines issued - reg.

Recently several representations and requests have been received from dealers seeking permission for revision of monthly / annual returns and its enclosures. The permission is sought for revision of returns relating to back years. While the head quarter considered the request and came to understand that for the period up to 2015-16, a large number of returns were initiated by the Deputy Commissioners concerned, at the request of dealers, even though there are no provisions in the KVAT Act, they failed to submit the revised or fresh returns within a reasonable time. This created a huge back log of returns in "initiated" status in the KVATIS and as a consequence thereof, effective scrutiny of returns became impossible in these cases. As the law does not permit to allow revision of return after allowed time period, the revision of returns for the back period up to 2015-16 was blocked at the head quarter. Thereupon the dealers approached Hon'ble High Court and obtained favourable decisions directing the authorities to take necessary steps to permit them to revise their returns, provided there is no change in the turnover or tax already conceded.

For the smooth implementation of the direction of the Hon'ble High Court in respective cases, the following instructions are issued while permitting return revision:

- (i) When an application for revision of return is received, the assessing authority shall examine and see that the revision is sought for only to correct the omissions/mistakes and that there is no change in the turnover or tax already conceded in the original return by way of such revision.
- (ii) After such verification, a report as to the admissibility of revision of return shall be sent to the Deputy Commissioner concerned, with specific reasons for allowing such revision. If not found admissible, the application may be rejected; issuing speaking orders.
- (iii) The Deputy Commissioner shall verify the report furnished by the assessing authority, evaluate the reasons and decide whether the revision is admissible or not.
- (iv) If the revision is found admissible, the Deputy Commissioner shall send a detailed report to the Commissioner of State Taxes so as to make arrangements to open the return.
- (v) When permission is granted from the Head Quarters, the following procedure shall be followed at the district level.
  - (a) Before initiating the return, take a print out of the original return and its enclosures.
  - (b) The return shall be initiated only when the dealer is ready to file the revised return.
  - (c) The revision shall be done in the office of the Deputy Commissioner concerned.
  - (d) The revision shall be done only in the presence of the assessing authority concerned so as to ensure that no changes/modifications other than what was requested for are done by the dealer.
  - (e) After the revision is done, take a printout of the fresh return and its enclosures.
  - (f) After filing revised return, the Deputy Commissioner shall send a report on each case to the Head Quarters.
  - (g) All assessing authorities should maintain a register for revision of returns.

*Rayan*  
Commissioner




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**Office of the Commissioner,  
State Goods and Services Tax Department  
Tax Tower, Thiruvananthapuram**

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**No. E1-23012/16/CT**

**Dated: 24..11..2017**

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**CIRCULAR NO. 15/17**

**Sub: SGST Dept. - Audit Enquiry – Furnishing of replies or remarks to the  
Accountant General – Further Instructions issued – reg.**

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As per circular No. 08/2016, directions were issued to all officers to furnish reply to the Accountant General only through their controlling officers and the controlling officer shall examine the defects carefully with statutory provisions, circulars, notifications, judgements etc and ensure that the reply furnished is correct as per law before approving the same. It was instructed to mark a copy of the reply to the Joint Commissioner(A&I) without any delay.

But it is noticed that the above procedure is not strictly followed by the auditee officers. In the circumstances the following instructions are issued to all officers concerned for strict adherence.

At field offices, at State Tax Officer level, the reply shall be furnished by the auditee officer after vetted by Inspecting Assistant Commissioner and at Assistant Commissioner level, the reply shall be furnished by the auditee officer after vetted by the Deputy Commissioner.

If audit is at Head Quarters, then the reply shall be furnished by the auditee officer after vetted by the respective Unit Officers.

As instructed earlier, the copies of all replies filed before the Accountant General

shall be forwarded to Joint Commissioner(A&I) **within 5 days** without fail.

Sd/-  
COMMISSIONER

To

All Joint Commissioners.

All Deputy Commissioners.

Audit Section.

Stock File.