



Office of Prl Secretary & Commissioner
Kerala Goods and Services Taxes Department,
Govt of Kerala, Thiruvananthapuram

No CT/2969/2018-C1

Dated 25th Feb 2018

CIRCULAR No 4/2018

Sub:- KVAT Act 2003- Scrutiny and Assessment relating to Gold- – reg.

Government have set up the target of 25% revenue growth this financial year. It is observed that the revenue work progress is slow. Time and again Government has informed to take strategic actions to improve revenue by identifying potential areas and completing the priority cases. The Gold sector is one of the important areas to be examined in detail.

Random verification of assessment records relating to Gold dealers done in some of the districts revealed that the record keeping of the cases is very poor, 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 it is done, in many cases, irregularities were noticed in fixing compounded tax rate, computation of tax liability and even basic fact of eligibility for compounding. The officers have not taken serious efforts sending the notices to collect the statutory data/records/returns/ information etc and the cases are going time bar. This could result in huge revenue losses to the State exchequer.

As GST is implemented, it is imperative that all pending VAT assessment especially in areas such as Gold should be completed in time bound manner to ensure that legitimate tax is remitted to Government.

In order to streamline the scrutiny and assessment of Gold dealers the following instructions shall be meticulously followed and actions taken at district and officer level -

A. Strategy

1. Completion of assessment of various years from 2011 to 2016 in time series after completing each year separately.
2. Reopening of assessments upon noticing escapement.

B. Action Plan

- a. Updation of assessment files.

Wherever the statutory returns/ records / information/ forms not filed, upon receiving them, the copy shall be kept in the assessment files and relevant data field to be noted in Gold Scrutiny Module.

As and when scanners are provided to all the Circles, the submitted documents to be uploaded at relevant sections in the Module.

- b. Submission of the following statutory records

- i. Returns
- ii. Audited Statement
- iii. Profit and Loss account and Balance sheet
- iv. Closing stock inventory
- v. OR/CR files (If any)
- vi. Any other as Officer may deem fit as per the VAT Act.

- 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 respective seats in the Circle -

1. List out all the live and cancelled gold compounded 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 missing files to the

acitmc.ctd@kerala.gov.in marking copy to datamining.ctd@kerala.gov.in
The assessing authority shall be solely responsible to ensure that all the gold compounded dealers' files are included in the scrutiny module. Dy Commissioner shall monitor the same.

3. A separate proceeding is issued giving guidelines regarding collection of relevant records as per the KVAT Act. Accordingly in all the cases the records gathering initiatives may be taken.
4. After receiving all the statutory information the scrutiny may be done in the Gold Scrutiny Module. If there is any balance payable compounded tax or cess, the system will show the details.
5. The Standard Operation Practice for Gold Scrutiny Module is appended as an Annexure I.
6. The proof of the data that entered in the module and which are not available in KVATIS or which is different from KVATIS shall be kept both as hard copy and soft copy which should be readily available for verification by the higher authorities.
7. For New branches started from 2014-15 onwards, assessment u/s 6 has to be completed along with the compounding assessment.
8. If the dealer has sales of any commodity other than gold, then the assessment of the same also shall be completed.
9. If there is any CST assessment, reverse tax due to stock transfer (out), then the assessment of the same also shall be completed.
10. If the permission for compounding is cancelled, steps may be taken to complete the assessment immediately.
11. The dealers pending assessment for entire assessment years shall be done at a stretch.
12. Assessing authorities should complete the assessments in chronological order. For eg: if there is any difference in compounded tax payable or turnover in one year, it should be reckoned for calculation in next year. Similarly, if the permission for compounding is cancelled and completed assessment u/s. 6, it should be reckoned for calculation in next year. As there is cascading effect on subsequent years.
13. No undue adjournment to be given for submission of statutory documents, as the dealers have already taken years, in some cases five years. More than two adjournments to be given only with permission of Dy Commissioner based on genuine reasons.

14. The completed assessment orders to be passed and served in time. The notices and orders to be uploaded in Peer Review Module.
15. All supervisory officers shall give approval of draft notices and orders only after thorough verification of the details especially the data fed in the 'white fields' (Blank field) of the Gold 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.
16. Dy Commissioners shall monitor submission of all statutory documents by the dealers in time.
17. 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.
18. 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 Dy Commissioner and 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.

General instructions:

1. All Dy Commissioner 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 Assessing authorities at the circle and facilitate further.
3. From Head Quarter a special team shall do continuous supportive supervision.


Prl Secretary & Commissioner

Copy to –

All Jt Commissioners

All Dy Commissioners of the district

Dy Commissioner Internal Audit

C Section

Stock file.