

GENERAL INSTRUCTIONS

1) Regarding the KVAT General Scrutiny Module which was released recently, certain representations were received from dealers that they have received notices which shows huge suppression. Some such cases were verified on random basis and it is seen that these mismatches was purely due to the wrong data entry made by the dealer/his corresponding dealer/transporters. The Department does not make any data entry and the Scrutiny Module only fetches the data from various fields and correlates these figures to identify the mismatches.

2) Certain cases which were randomly verified from the Headquarters and the reason for such huge mismatch is shown below.

(Dealer name and TIN is hided)									
	Name	TIN	Year	Mismatch amt (Cr)	Own Pur (Cr)	BFO Sal (Cr)	Own Sal (Cr)	BFO Pur (Cr)	Reasons for variation
a	“A”	9999999999	2016-17	29013			142.09	28986.01	During 12/16, “B” ,a Dealer with TIN-8888888888, instead of entering purchase figure entered TIN in amount column and hence BFO purchases shows huge figures.
b	“C”	111111111111	2014-15	23781	59	11884	11964.5	81.99	In 11/14, Dealer uploaded sales in 4 cases, in their own TIN and the entered amount was the TIN of other state dealer.
c	“D”	222222222222	2013-14	22457					On 01.12.2013 dealer while effecting purchase through parcel service, by mistake declared a purchase of Rs.22026 crores.
d	“E”	333333333333	2013-14	9671			92.53	9614.43	During 8/13, “F” a dealer with TIN-4444444444, instead of entering purchase figure entered TIN in amount column and hence BFO purchases shows huge figures.
e	“G”	555555555555	2015-16	9629	24	9606	35.55	61.26	During 1/16, “H” a supplier entered TIN in amount column of their sales statement and

									hence resulted in huge figures BFO Sales.
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3) It has been clearly mentioned in Circular No.2/2019 that “ In some pre-assessment reports generated by scrutiny module, the mismatches thrown may be huge. This may be due to wrong entries made in the returns/Audited Statements filed by the dealer like non putting of decimal points, duplicate entries etc. Hence before sending notice to the dealer, a prima facie analysis shall be done by the respective assessing authority and subsequently he/she must obtain the consent of the Deputy Commissioner regarding the genuineness of the figures, rather than mechanically taking the figures generated in the pre-assessment Notice”.

But it is seen that the assessing authorities are not following the above instructions and are issuing the notices mechanically without conducting a preliminary analysis.

4) On the basis of representations/suggestions received from various dealers and Trading Communities and taking into consideration certain aspects , the following instructions are issued.

a) All the Pre assessment Notices issued to the Assessing authorities shall be reverted in Programme. Once again these reports will be sent from the Headquarters. All Deputy Commissioners should ensure that this information has been passed to all the Assessing authorities and make sure that Fresh Pre assessment notices are sent to the dealers after getting intimation from the Commissioner. Along with the pre-assessment notice, the Summary and detailed Report shall also be provided to the dealer. The calculation table on the basis of which mismatches are captured will also be sent to the Deputy Commissioners who will in turn send these to the Assessing authorities under their jurisdiction for quick identification of mismatches.

b) The Misclassification aspect has not been reckoned in the Scrutiny Module since rate wise Opening stock and Closing Stock details are not available in KVATIS. . Hence that aspect shall be verified by the Assessing authority during verification of books of accounts and issue revised notice if necessary.

c) Invoice level mismatch of own/build from others/Form 8/Form 8FA, Parcel transactions etc. are not reckoned in the Scrutiny module. That aspect shall be verified by the Assessing authority during verification of books of accounts and issue revised notice if necessary.

d) Mismatches on the Delivery Note issued is not reckoned in the Scrutiny Module. Hence that shall also be verified during verification of books of accounts and issue revised notice if necessary.

e) Suppressions detected on the basis of CR/OR/addtional information obtained/ any other suppressions detected etc. shall be incorporated in the revised return.

f) In case of huge mismatches (more than three times of Total Sales Turnover is taken as cut off limit), conduct a preliminary verification, take printout of pre-assessment Notice and manually enter footnote showing the parameters/reasons that has led to such huge mismatch. Also provide the necessary document to the dealers of such mismatch. For eg: In the case 2(a) mentioned above- provide Build from others purchase.

g) On request of the dealer, officer may provide 8F, 8FA, Parcel, Build from others invoice details in soft copy to their registered e-mail ID.

It is once again instructed that, while completing the assessment all the Assessing authority shall exercise judiciously the powers vested in them.

COMMISSIONER