

GOVERNMENT OF KERALA  
Taxes (B) Department

CIRCULAR

No.18433/B1/2008/TD

Dated, Thiruvananthapuram, 30<sup>th</sup> August, 2008.

Section 13 of the Kerala Value Added Tax Act, 2003 (30 of 2004) provides for the refund of input tax (tax paid by a VAT dealer in the State to another VAT dealer in the State for the purchase of taxable goods for use in the course of business) to a dealer effecting inter-state sale of export of the goods purchased or of the goods manufactured using the goods purchased. Rules 46 and 47 of the Kerala Value Added Tax Rules prescribe the procedure for claiming refund in such cases. The rules, inter alia, provide that the dealer claiming refund shall produce a declaration in Form No. 21 J signed by the registered dealer who had sold the goods, in respect of which input tax was paid, duly countersigned by the assessing authority of the selling dealer

Section 15 of the Act read with Rule 17 of the Kerala Value Added Tax Rules 2005 makes it obligatory on the part of every Government Department (whether of the State, Centre or of any Union Territory), Local Authority or Autonomous Body making any sales, whether in the course of business or not, to take out a registration by filing an application in Form No.1E(no fee is payable by Government and Local Authority) and also to issue bill in Form No. 8 A where the sale is to a VAT dealer, and in Form No. 8B, where the sale is to any other person.

It has been brought to the notice of the Government that many of the Government departments, Local Authorities and Autonomous Bodies have failed to comply with the statutory requirements even though the law was implemented with effect from 1.4.2005 and also that such departments fail to issue the declaration in form No. 21 J to the buying dealers with the result that they (buying dealers) are denied the benefit of refund of input tax allowed to them by the statute. Even though Government have issued circular instruction to see that such Government departments, local authorities and autonomous bodies should file application for registration under the above statutory provisions not later than 30<sup>th</sup> June 2006, certain departments are yet to comply with. This has resulted in denial of genuine claims of refund and Input Tax Credit claims preferred by many dealers.

In the circumstances, the following instructions are issued:

- (i) All Government departments, local authorities and autonomous bodies who are yet to register with the Commercial Taxes Department under relevant provisions of Kerala Value Added Tax Act should take registration forthwith.
- (ii) Till such Government departments, autonomous bodies, local authorities take registration, the cash receipts issued by them in TR5 or in any other form as stipulated in their departmental codes will be treated as the bill in Form 8A/8B of Kerala Value Added Tax Rules and refund claims submitted will be honoured by the Commercial Tax Authorities for refund of claims in relation to transactions for the period upto 2008-2009.

P. Mara Pandiyan,  
Secretary to Government