

No. C1.150/06/CT.

Office of the Commissioner
Commercial Taxes,
Thiruvananthapuram,

Dated: 31-3-2006.

CIRCULAR No.15/06/CT

Sub: Input Tax Credit in respect of Opening Stock as on 1.4.2005

As per Sub Rule (6) of Rule 12 input tax credit in respect of opening stock as on 1-4-2005 had to be claimed –

- a) In the case of dealers who had paid purchase tax in respect of goods held as closing stock as on 31-3-2005, in a single instalment in the return for the month of April, 2005,
- b) In the case of dealers who had filed application in Form No.25A on or before the 31st of May, 2005, in three equal monthly instalments commencing from the return for the month of May, 2005 onwards,
- c) In the case of dealers who became entitled for input tax credit in the light of the amendments made by the Amendment Act 39 of 2005, in three monthly instalments commencing from the month subsequent to the month in which the application in Form No.25A was submitted, and
- d) In the case of other dealers who had filed the application in Form No.25A on any day subsequent to 31-5-2005 but on or before 31-1-2006, in three equal monthly instalments commencing from the month subsequent to the month in which the assessing authority communicates his approval of the statements made in Form 25A.

In the case of dealers falling under the categories mentioned at items (a), (b) and (c) above, permission of assessing authority was not required for claiming the input tax credit.

It is seen that in many cases where the dealers covered by item (d) above have submitted the application in Form 25A within the time-limit permitted, the assessing authorities have not communicated their approval to the dealer concerned. As a consequence of this the dealers have not been able to claim the input tax credit as prescribed under Sub Rule (6) of Rule 12.

The proviso to Sub Section (6) of Section 11 mandates that the input tax which is not fully set off by the end of March, 2006 have to be refunded. So the input tax credit in respect of opening stock cannot be carried over to the subsequent year.

All assessing authorities before whom application in Form 25A falling under item (d) above are pending scrutiny shall scrutinise the claims immediately and communicate their approval or issue notices for not approving the claim on or before the 15th day of April, 2005 positively. Where the claims are admitted by the assessing authority, the dealer concerned shall be permitted to claim the input tax credit admitted in one lump in the return for the month of March, 2006.

Commissioner
Commercial Taxes

To
All Officers