

CIRCULAR No.25/2008

Sub:- Evasion of tax -Plywood ,packing case and veneer- collection of advance tax at the CTCP modification of earlier circular-issued- Reg

Read:- 1. Circular No. 4/05 Dt.28.03.05
2. Circular No. 3/06 Dt.09.10.06,
3. circular no 25/06 Dt. 20.07.06

(1). Rampant tax evasion on consignments of plywood, packing cases and veneer has been widely reported on interstate trade using bogus 'C' forms. It is noticed that certain dealers of this sector are remitting advance tax on their interstate transaction before the CTCPs at CST Rates. "C" forms for this transaction will be filed at a later point of time and thus the department can verify the genuineness of "C" form only on a subsequent date. While protecting the right of genuine dealers to transport goods as per statutory provisions, it is felt that an effective check is necessary on certain "fly-by-night" operations noticed in this particular section of trade. Of late, this has been a major concern for the revenue.

2. Hence, to observe uniform procedure for effective monitoring of plywood, packing cases and veneer, the following instructions are issued;

- (i) Dealers in plywood, packing cases and veneer may remit advance tax at CST Rate on their interstate transactions before the assessing authority concerned, adopting the procedure followed in the case of inward consignments as mentioned in circular 53/06.
- (ii) If the dealers opt to pay advance tax at CTCP's, the same shall be collected at the KVAT schedule rate.

Circulars read above is modified to the above extent.

These orders will take immediate effect.

Commissioner.