

CIRCULAR NO 43/2007

Sub:- KVAT ACT 2003- Section 15A - compulsory registration –instructions issued –
reg.

The concept of VAT envisages levy of tax at every point of value addition. Unfortunately it is noticed that a substantial number of dealers liable to be registered under this Act have failed to get themselves registered. This tendency is detrimental to state revenue from the point of VAT concept.

Even though the down the line dealers liable to take registration and pay tax under the Act but remaining outside the tax net are collecting sale proceeds from the customers at rates including the tax element, the due tax share is not reaching the state exchequer, leading to undue enrichment to such categories.

So it is imperative to take remedial measures to protect the interest of revenue as well as the consumers by bringing all dealers liable under the Act under registration.

Section 15A of KVAT Act, 2003 provides for compulsory registration where a dealer liable to be registered under the Act has failed to inform the registering authority of his liability to be registered. In such circumstances the Act empowers the registering authority, after conducting such survey, inspection or enquiry to proceed to register such person as dealer under the Act and thereupon all the provisions of the Act and the Rules made there under shall become binding on such person; however such dealer shall not be entitled to any benefits accruing from such registration.

It is therefore decided to enforce the said statutory provision, for which the following instructions are issued:

- (1) The Commercial Investigation Wing will collect from all sources lists of persons carrying on businesses without taking registration and furnish them to the Intelligence Wing.
- (2) The Intelligence Officers of the Intelligence Squads will be the registering authority for the purpose of section 15A.
- (3) For the purposes of conducting surveys preliminary to compulsorily registering persons liable to be registered under the Act the Inspecting Assistant Commissioners will regulate the area of operation of each Intelligence Squad so as to avoid overlapping.
- (4) The squads shall conduct such surveys based on the data furnished by Commercial Investigation Wing and enter into a finding with regard to the liability to take registration.
- (5) While conducting surveys the survey reports shall be prepared in the format appended as Annexure –1. The report shall be prepared in

triplicate. The original will form part of the concerned file, the duplicate shall be given to the dealer surveyed and triplicate shall be retained by the concerned squad.

(6) Once a finding with regard to the registration liability is entered into by the Intelligence Officer, he shall immediately grant registration under the said section and issue a certificate in the format appended as Annexure-2. The details shall be recorded in a register in the format appended as Annexure-3.

(7) The certificate shall as far as possible be issued on the spot and in any case not later than two days on conducting the survey.

(8) The registration shall be assigned office-wise with eleven digit 'alpha numerals'. The number shall start with the alphabets "SMR" followed by eight digit numerals. The first two digits will represent the district code followed by the two digits office code as assigned in TIN. The dealer number with four digits to be assigned serially will follow this from "0001" onwards. Thus a dealer coming under 1st Circle, Thiruvananthapuram will be issued the number "SMR01060001" onwards, and a person under the 1st Circle, Ernakulam will be issued the number "SMR07150001" onwards and so on.

(9) After assigning the number the concerned file containing the original of the survey report shall immediately be forwarded to the assessing authority having jurisdiction over the area of the dealer. He shall maintain a separate R-register for these categories of dealers.

(10) The assessing authority shall then require such dealers to file returns in Form 10, failing which penal action for non-compliance of statutory provisions shall be taken in addition to resorting to best judgment assessment u/s 22(3) of the said Act. On completion of such assessment coercive action for recovery shall be initiated against such demands. In case where returns are filed they shall be subjected to regular scrutiny in accordance with the provisions of the Act. Such dealer shall not be entitled to any benefits accruing from registration.

(11) Registration module in respect of such registration will be incorporated in the KVATIS. The assessing authority shall make data entry in respect of such registration and returns.

(12) if a dealer registered compulsorily subsequently comes forward for regular registration, his application shall be considered on a regular basis and after granting regular registration, the compulsory registration number issued shall be cancelled.

All controlling officers shall see that the above instructions are carried out strictly with immediate effect.

Commissioner

To

All Concerned.

Annexure-1

DEPARTMENT OF COMMERCIAL TAXES		
No		
SURVEY REPORT UNDER SECTION 43 OF KVAT ACT, 2003		
1	Name and full address of the business place with telephone number	
2	Name and full address of proprietor/ partners/ Directors	
3	Details of owner of the building	
4	If the business place is occupied on rental basis monthly rent payable	
5	Place of business surveyed	
	(a) Name of panchayath / Municipality/ Corporation	
	(b) Ward Number	
	(c) Building Number	
	(d) Area in sft	
6	Details of books of accounts maintained	
7	Whether the dealer is maintaining computerized system of accounting. If so details of software used.	
8	Date of commencement of business	
9	Details of goods dealt with	
10	Nature of business. Trading/ Manufacturing/ others	
11	Approximate value of complete goods as declared by the person in charge of the shop at the time of survey.	
12	Average daily sales	
	(a) admitted by the dealer	
	(b) Estimated	
13	Average monthly sales	
	(a) admitted by the dealer	
	(b) Estimated	
14	Whether interstate purchases are made	
15	Whether bills are being issued for sales. If so, details and whether duplicate copy of sale bills are maintained	
16	Whether purchase bills kept	
17	PAN No. of Proprietor / Partners / Directors	
18	Electricity Consumer No.	
19	Details of other licenses	
	(a) Local Bodies	
	(b) P.F.A	
	(c) Explosives	

	(d) Other	
20	Details of Bank Accounts	
21	Telephone No. (Land phones, Mobile, e-Mail, Fax No. etc.)	
22	Branches, if any, including details godowns, stock yard etc.	
23	No. of employees working in the business establishment surveyed	
24	Dated signature of the person in-charge of the business place surveyed	
25	Remarks of officer conducting survey	
	Place Date	Signature Designation.
For Office use only		
	Nature of disposal of survey report.	Signature Designation.

Annexure -2

Serial No. *(Not to be quoted)* .

KERALA VALUE ADDED TAX RULES, 2005

CERTIFICATE OF REGISTRATION

(Not Transferable)

[See Section 15 read with Rule 17A]

SMR

This is to certify that registration under Section 15A of the Kerala Value Added Tax Act, 2003 has been granted to

