

No.C1-10760/07/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated 31-10-2007

CIRCULAR No. 46/07

Sub: KVAT Act, 2003 - Section 40A - Insistence on TIN/PIN/Details of Purchasing Dealers and Declaration in lieu thereof - reg.

Read:- Circular No.39/2007 dt. 24-8-07 of Commissioner of Commercial Taxes.

The Circular read above has brought out the difference in billing requirements between Business to Business (B2B) and Business to Consumer (B2C) transactions. It was also made obligatory in B2B transactions to disclose the identity of the purchaser. In case the purchaser was below the registerable limit, he was given the option of filing a declaration as in the case of individuals wanting to get exemption from tax deduction at source under the Income Tax Act, 1961, who have to give a declaration in Form 15G.

However, there have been representations from the trade that Para 10 of the Circular read above which states that if the purchasing dealer is untraceable at the address given in the bill then action shall be taken against the selling dealer, has created certain apprehensions.

In the circumstances it is clarified that action shall be taken against the selling dealer only where fraud and collusion between the selling dealer and the purchasing dealer in the transaction is proved.

It is further clarified that Security Deposit shall be collected on consignments which do not comply with the requirements of Sub Sections (1) and (2) of Section 40A at twice the difference between the tax on MRP and Billed Price of the consignment.

The circular read above stands modified to the above extent.

Commissioner
Commercial Taxes

To

All Deputy Commissioners