

Office of the Commissioner  
Commercial Taxes Department  
Tax Towers ,Karamana P.O  
Thiruvananthapuram dt.02-09-2014

**CIRCULAR No. 23/2014**

Clause (b) of Section 8 of KVAT act 2003 as substituted by the Kerala Finance Bill 2014, has taken effect from 01-04-2014. The system of electronic filing of quarterly returns for metal crusher units has been replaced by the system of filing of monthly returns subsequent to the publication of Finance Act 2014.

In the circumstances, considering the fact that tax payment from these dealers are pending due to technical difficulties , following decisions have been taken by the department.

- For those who have not yet filed returns, they may file the new monthly returns as per the rates in Kerala Finance Act, 2014. In these cases, interest is to be calculated and demanded manually by the assessing authority.
- For those, who have filed quarterly returns in the year 2014, according to the rates existed prior to 01-04-2014; the amount paid shall be taken credit in the return for April, 2014 by ITMC based on a request to be made by the assessing authority. They will have to file new monthly returns for the month of May, June & July, 2014 along with the tax due. If the amount taken credit in the return for April, 2014 is in excess, it shall be refunded after adjusting the interest if any, for the instalments of May, June and July, 2014.
- Accordingly, KVATIS will not automatically calculate interest on the monthly returns and instalments due for the months of April, May, June and July, 2014. It will have to be manually verified by the assessing authority and demanded accordingly.

As per the finance bill 2014, dealers producing Manufactured Sand has been classified as follows on the basis of production capacity of machine (Vertical / Horizontal Shaft Impactor) for the purpose of Compounded tax :

<u>Production Capacity of the Machine</u>	<u>Annual Compounded Tax</u>
1.For every machine with capacity up to 50 MT per hour	25 Lakhs
2.For every machine with capacity above 50 MT up to 100 MT per hour	45 Lakhs
3.For every machine with capacity above 100 MT up to 150 MT per hour	65 Lakhs
4.For every machine with capacity above 150 MT up to 200 MT per hour	90 Lakhs
5.For every machine with capacity above 200 MT up to 250 MT per hour	1.40 Cr.

The Finance Act 2014 doesn't provide for the first category of classification as such but has subdivided the first category into (1) production capacity up to 25 MT / hr and (2) production capacity above 25 MT up to 50 MT per hour with different rates of tax.

As such, those who have filed compounding application prior to the publication of Finance Act 2014 will be permitted to edit the compounding application if they have classified the machines as per the provisions of Finance Bill 2014. Such dealers may approach ITMC through their assessing authority to set right their compounding application.

The last date for filing of compounding option for metal crusher units stands extended up to 10.09.2014

  
**Commissioner**