

No.C2.37481/06/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram,
Dated. 13.10.2008

CIRCULAR NO.42/2008

Sub:- KVAT Act 2003- Collection of advance tax on evasion-prone commodities further instructions issued –Reg

Read: 1. Circular No. 50/06 Dt.18.12.06
2. Circular No. 2/07 Dt. 10.01.07

1. Section 47 (16A) stipulates that Commissioner may, where he deems it necessary to prevent any evasion of tax, direct that the tax in respect of the sale of any evasion prone commodities, as may specified by him, shall be paid before the date prescribed for its payment under this Act.

2. Legal position being so, the business practice of a Public Sector Undertaking, as an instrumentality of the State, has built in checks and balances commensurate to that of the Government, including stringent audits by the Accountant General. So, tax evasion by such undertakings are too remote.

3. Hence, in partial modification to the circular read above, the following further instructions are issued.

4. All Public Sector Undertakings will stand exempted from payment of “advance tax” as contemplated under 47(16A) of the Act.

Circulars read above stands modified to the above extent.

Commissioner.