

No.C1.33999/08

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated. 18.09.2008

CIRCULAR No.38/2008

Sub:- Computation of tax payable for determining compounded tax payable under Sec. 8 f of KVAT Act.

Ref:- Circular 42/06

Kerala Gold and Silver Dealers Association has pointed out certain discrepancies in the circular instruction issued as per the reference cited above for computation of tax payable for the purpose of compounding under sec. 8f. The same was examined. The tax payable as per KVAT Act has been clearly laid down in Rule 16 of KVAT Rules.

The net tax payable bring within its ambit the element of purchase tax under sec. 6(2) also. But in the circular issued it was instructed to add purchase tax again to the net tax payable for arriving at the tax payable as per the Act. It is inconsistent with the provisions of the Act. Hence purchase tax under Sec. 6(2) of the Act need not be taken into account for arriving at the compounded tax payable under Sec. 8 (f) of the Act and the circular No. 42/2006 stands modified to that extend. All officers are directed to take note of the above legal position.

Sd/-

Commissioner