

No.H4.42203/05/CT

Office of the Commissioner  
Commercial Taxes  
Thiruvananthapuram  
Dated. 23.11.05

**CIRCULAR 31/05/CT**

Sub: - Estt- Dept. of Commercial Taxes Implementation of Kerala Value Added System of Taxation- Duties and functions of the Value Added Tax- Audit wing- Internal Audit of the Department-certain arrangements- orders issued- reg:

- Ref: 1. GO(MS) 56/05/TD Dt. 31.03.05 of taxes (D) Dept.TVM  
2. Letter No.A1.17674/05/TX Dt. 04.06.05 of the  
Commissionerate of Commercial Taxes, TVM  
3. Circular No.23/05/CT Dt, 09.09.05

Consequent on the implementation of the Value Added System of taxation in the State with effect from 01.04.2005, Government have ordered the restructuring of the Commercial Taxes Department as per Government order cited as first above. The Internal Audit Wing of the department stands abolished with effect from 31.03.2005. It is further ordered that the Internal Audit function will be handled by the Audit Assessment Wing. For this purpose operational instructions were issued by the Commissioner of Commercial Taxes in the circular 3<sup>rd</sup> cited. In order to supplement the instructions along issued, the following further instructions are issued. At present there are six units of the Audit Assessment Wing each headed by the Deputy Commissioner with head quarters and territorial jurisdiction as specified below:

Head Quarters	Territorial Jurisdiction
1. Thiruvananthapuram	Thiruvananthapuram, Kollam, Pathanamthitta District
2. Kottayam	Kottayam, Alappuzha, Idukki Districts
3. Ernakulam	Ernakulam and Mattancherry
4. Palakkad	Palakkad and Trissur Districts
5. Kozhikode	Kozhikode, Malappuram and Wyanad Districts
6. Kannur	Kannur and Kasargod Districts

The Staff structure of Asst. Commissioners and Commercial Taxes Officers under Value Added Taxes (AA) is as under:

District.	No.of Assmt.Commissioner VAT(AA)	No.of STOs VAT(AA)
Thiruvananthapuram	2	8
Kollam	2	8
Pathanamthitta	1	4
Alappuzha	1	7
Kottayam	2	10
Idukki	1	3
Ernakulam	5	13
Mattancherry	2	9
Trissur	2	11
Palakkad	2	10
Malappuram	1	6
Kozhikode	2	8
Wayanad	0	4
Kannur	1	9
Kasargod	1	3
	25	113

In the reference cited second, it has been directed to handover the Internal audit files of each district to the Asst. Commissioner (Audit Assessment), Concerned of that District.

The Asst. Commissioners (Audit Assessment), shall ascertained and record the total pendency of defects as on 31.03.05 in the Internal Audit Notes of each office under their jurisdiction. The Assistant Commissioners (AA), should ensure that the entire defects in the internal audit notes for the period upto 31.03.05 are rectified by 31.12.05.

The assessing authorities under the KGST Act are strictly directed to rectify the pending defects in the Internal Audit Reports and furnish reply on all the Audit objections to the Assistant Commissioner (Audit Asst.) concerned within the above time limit. The Deputy Commissioners (Audit Asst) shall chalk out programmes for Internal Audit of Officers under their jurisdiction well in advance and communicate it to the assessing authorities as well as to the District Deputy Commissioner.

They shall group Commercial Taxes Officers Value Added Tax (Audit Assessment), in to batches, headed by one Asst. Commissioner (Audit Assessment).

Each and every file shall be audited with reference to connected registers, in accordance with the procedure laid down in Agricultural Income Tax and Sales Tax Mannual Volume III. The audit Note

prepared should be scrutinized by the Deputy Commissioners (Audit Assessment), before sending them to the concerned office, by marking copy to the District Deputy Commissioners.

The Deputy Commissioner (Audit Assessment), shall submit special reports to the Commissioner on all major irregularities and cases having loss of revenue of Rs.25000/- and above detected by the Audit team.

The Deputy Commissioner (Audit Assmt). Shall inspect sub officers of all wings of the Department including Check Posts with a view to improve to performance of the Department. Audit to be conducted include concurrent audit of Assessment orders and performance. The audit to be conducted include the following:

1. Auditing of assessment orders under KGST Act, Kerala Value Added Tax Act, CST Act, Kerala Agrl. Income Tax Act, Luxury Tax Act, Entry Tax Act, etc.
2. Auditing of maintenance of registers and other records. Auditing of correctness of figures reported in the monthly diary (Assessment, Collection, DCB etc)
3. Auditing of proper filing of return and payment of tax by assesses.
4. Auditing of arrear action and action taken to collect demands outstanding and its follow up.
5. Auditing of encashment of cheques.
6. Auditing of filing and utilization of check post declarations, OR Files, Crime files etc.
7. Auditing the correctness of receipt of security Deposit, Advance Tax, Entry Tax etc. at the Check post.
8. Auditing of files under Money Lenders Act in Inspecting Asst. Commissioner's offices and verify whether security Deposits are collected promptly in accordance with the schedule of the Kerala Money Lending Act.
9. Auditing of OR Files in office of the Sales Tax Officer (Enquiry)
10. Auditing of files to verify transport of goods on the strength of transit pass.
11. Auditing the promptness of despatch of check post declarations.
12. Any other mode of inspection of check posts to unearth irregularities in the check post and make the function of check post effective.

Inspection of any office under the jurisdiction of the Deputy Commissioner (Audit Assessment), to ensure that the functioning of the office is proper and effective.

The Deputy Commissioner (Audit Assessment), shall also arrange special audit of the Sales Tax Officers including special circles, if found necessary on scrutiny of assessment files and statutory registers and other records maintained.

The Deputy Commissioner (Audit Assessment) shall submit monthly diary relating to the works turned out by the audit officers under his control to the Commissioner of Commercial Taxes, Thiruvananthapuram, with his review report in the performance of the officers, so as to reach it to the Commissioner's office on or before the 15<sup>th</sup> of every succeeding month.

The Deputy Commissioners (Audit Assmt), should acknowledge the receipt of the Circular and obtain acknowledgement from their subordinates.

Sd/  
Commissioner