

**26. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,
THIRUVANANTHAPURAM**

Present: Sri. P.Mara Pandiyan I.A.S

Sub: KVAT Act'03 - Clarification U/s 94 – Whether advance tax paid can be adjusted against the compounded tax payable - Clarified orders issued – Reg.

Ref: 1. Application in Form 24 filed by M/s Consolidated Consortium Construction ltd. Palakkad.

2. Hearing Notice No. C3-17824/2008/2008 Dtd.06.09.2008.

ORDER No. C3/17824/2008/CT Dtd.26.11.2008

(1) M/s Consolidated Consortium Construction Ltd. Palakkad has filed an application seeking clarification on the following point;

The applicant has opted for compounding scheme in the Financial Year 2007 - 2008 and also going for same in the Year 2008-2009. They are importing iron and steel items from outside the state and, as the commodity is listed as evasion prone, tax is paying in advance. It is requested to clarify that whether advance tax paid on such commodities can be set off against the tax payable in the compounding scheme.

(2) The authorized representative of the applicant was heard and the issue has been examined in detail with reference to the statutory provisions. The question to be clarified is whether advance tax paid can be set off against the compounded tax payable. Advance Tax is collected at the entry of the goods in to the state. It is collected before the taxable event happens. It is not the input tax but only the tax collected in advance on sales which is adjustable towards the output tax due for the month itself. So the tax paid in advance by a compounded dealer is eligible to get it adjusted against the compounded tax payable by him. The excess amount if any paid cannot be carried forward to the next year, but can only be claimed as refund.

The point sought for is clarified as above

Commissioner