

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES:
ORISSA: CUTTACK**

No. III(I)38/09_9795_____/CT.,

Dt. 19 /05/2009

CIRCULAR

To

**All ACCTs in charge of Circles,
All JCCTs in charge of Ranges.**

Sub: Regarding procedure to be followed by the Registering Authorities in the matter of Registration, Amendment and Suspension and Cancellation of Registration Certificate.

Sir,

The registration process including amendment, suspension and cancellation of Registration Certificates is a statutory proceeding and therefore every order passed needs to be clear and comprehensive. It has come to the notice of the undersigned that the Registration Certificate issued, whether new registration or on amendment, and the suspension and cancellation orders passed by the Registering Authorities bear the following deficiencies:-

1. In case of issue of Registration Certificates to the works contractors under the CST Act, the certificates exhibit only the nature of work and nothing else. It does not elicit any information on the goods to be bought and sold by the dealer. It is a fact that the existing certificate format does not bear any space for works contractors and possibly for that reason the Registering Authorities are not allowing any goods for purchase and sale by the works contractors. In this context, it is hereby clarified that levy of tax on works contractors is essentially

levy of tax on the goods involved in the execution of works contract which are eventually transferred to the principal by way of accretion or otherwise. Thus, it is basically a case of deemed sale of those goods. Therefore, by making proper enquiry on the future use of goods applied for by the contractor in the application for registration, goods intended for deemed sale can be incorporated against “resale”. For instance, cement and iron and steel used by the building contractors, bitumen by road contractors can be incorporated for resale after due enquiry. However, the machinery and equipment for use in works contract by a works contractor may not qualify to be included under “resale” as those goods are not sold in the course of execution of works contract.

2. It is also noticed that the Registering Authorities are not assigning any condition while allowing goods for use in manufacturing. It is common knowledge that “for use in manufacturing” is a contentious issue being tested and evolved continuously through different judicial pronouncements. Therefore, the issue needs deft and careful handling by assigning conditions. For example, cement used by a manufacturer in the construction of the plant may come under use in manufacturing, where as, cement used in constructing the office building does not fall in that category. Therefore, while allowing items of multiple uses, conditions and limitation need to be prescribed and that should come on the print. The format and software are being modified to facilitate writing such conditions.
3. In case where the application of registration is allowed in part i.e. by allowing some commodities and some business and rejecting others, the Registering Authority should pass an order conveying the reason

for such part rejection. VATIS is being suitably modified to allow the space in the computer format to record reasons in such cases. Similar procedure needs to be adopted even when an application for amendment is allowed in part.

4. While issuing Registration Certificate, it is learnt that the Registering Authorities encounter difficulties in incorporating some commodities because those commodities are not in the commodity data base. The database has been expanded in the meanwhile by adopting 8 digits HSN code system designed by EC-nominated Center for Taxation Studies, Kerala. However, there may still be doubts. Such cases should be sorted-out by making immediate contact to the MASTEK officials / Addl. C.C.T (VAT) / D.C.C.T (VAT).
5. It is seen that, suspension / cancellation orders issued by the Registering Authorities do not bear the reason for suspension / cancellation. It is hereby reiterated that suspension / cancellation being the result of a statutory proceeding, and being subjected to further scrutiny, every order passed, must convey convincing and comprehensive reason. In this regard, the system generated order formats are being modified to enable writing of reasons by the Registering Authorities while issuing suspension / cancellation orders.
6. It is also noticed that Registering Authorities are not issuing a computer generated receipt acknowledging receipt of application for registration / amendment at the time of filing of application. They are approaching the VATIS only when Registration Certificate is generated. Besides, the VATIS Registration Moudle is not being used to indicate the names of officers to whom enquiry is entrusted. This

not only generates erroneous MIS but also results in poor system monitoring of registration process. It is therefore instructed that all the application for grant of registration / amendment must be entered into VATIS forthwith and a receipt granted to the applicant. Thereafter, the other parts of Registration Moudle of VATIS shall be used / populated with data as and when it is so required.

7. Compliance to this circular will be ensured by the JCCTs and Zonal Additional Commissioners.



**Commissioner of Commercial Taxes,
Orissa, Cuttack**