

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES, ORISSA,
C U T T A C K.**

No VII (Rev) 1/2006. **7728** /CT.,

Dated. **28-04-2008**

To

All Asst. Commissioner of Commercial Taxes/
All Commercial Tax Officers.

CIRCULAR

You are aware that there was regular assessment under Orissa Sales Tax Act. Every dealer was assessed by department officers for each year. Under Orissa VAT Act, regular assessment by department officers was dispensed with and provisions of self assessment by the dealers have been made. The returns filed by the dealers are self assessed documents. To make good the deficiency of assessment and to see that the dealers are paying due tax and assessing their tax liability correctly, scrutiny of returns and tax audits are made mandatory provisions under Orissa VAT Act. Section- 38 of the Act provides that each and every return in relation to any period furnished by the registered dealer shall be subject to scrutiny by the assessing authority. Section-41 of the Act read with Rules-41 to 45 of the Orissa VAT rules provide that dealers should be selected on objective criteria or on random basis or on risk analysis and they shall be audited by the audit teams.

The scrutiny of returns and selection of dealers for tax audit pre-suppose that all the returns are entered in the computer. The system helps in scrutinizing the returns, selecting the dealers for tax audit, generating reports on tax behaviour of the dealers which makes the tax administration easy and smooth provided returns are entered in the computer. Hence, return entry in the computer, scrutiny of returns and tax audit of the dealers are sine qua non for success of VAT. Reports generated from the computer and scrutiny of returns in selective cases done in the Head Office indicates that return entry and scrutiny of returns are not being done. It has also been brought to my notice that in many cases returns filed by the dealers are not entered in the computer and those returns are also found not available in the offices.

The quality of auditing is found not up to mark. Result of audits and audit assessments found on review reveal that there are many audit visit reports with no discrepancy and in many cases the revenue implication of the reports are not significant. Besides entry of returns in the computer, scrutiny of returns, tax audit, other provisions of the Act have to be enforced in true spirit to make VAT successful and ensure collection of due taxes. To watch and monitor successful implementation of the provisions of the law the following guide lines are issued:

1. Action on the part of ACCT/CTO's on registration and issue of waybill and declaration forms: -

(i) The dealers who have not been defined as a registered dealer under CST/ET Act in the computer system are to be defined by the Registering Authority.

(ii) The periodicity of return where not defined in the computer system are to be defined by the Registering Authority.

(iii) Issue and utilization of waybill and declaration forms are to be entered in the computer in all cases.

(iv) The Registering Authority shall review the dealers having more than one TINs and allot them one TIN after taking the option of the dealer with regard to principal place of business. The Registering Authority will ensure that the dealers shall have registration numbers of VAT, CST and Entry Tax at one Range.

2. Entry of returns under VAT, CST and ET Acts in the computer.

i) A junior/senior clerk(s) shall be nominated by the CTO or ACCT, as the case may be, who shall be in charge of receipt of the returns for the circle or the range.

ii) All returns which pass the initial scrutiny parameters shall be accepted and a GR (General Receipt) is to be generated through computer. The defective returns noticed in the initial scrutiny shall not be accepted unless rectified by the dealer. The followings are some of the common defects which need to be rectified:

- (a) Returns without indicating the TIN
- (b) Return in old format
- (c) Returns without payment/TDS details
- (d) Returns without Annexure, wherever required
- (e) Returns without invoice details
- (f) Returns without details of Cr/Dr notes
- (g) Input tax/Output tax not indicated in the return

(iii) The ASTO's of the Circle shall generate the GR's (General Receipt) assisted by the concerned Sr/Jr clerk.

(iv) Returns received in a month have to be entered in details by the end of the month. Under no circumstances, any return should remain un-entered by the end of the month.

(v) A designated ASTO shall ensure the correct entry of returns by the Data Entry Operator (DEO) and shall be directly responsible for the correctness of the data entered by the DEO. Any problem faced in entering the data into the computer shall be solved by the designated ASTO.

(vi) Returns entered in the computer should not be kept pending. The 'return entry complete' button in the return format has to be clicked after detailed entry and validation of the returns.

(vii) The ACCT of the range shall identify one officer for the circle and one officer for the range as nodal officers to coordinate computer entry and computerization in the circle and range respectively. The nodal officer shall supervise entry of returns in the computer and in case of any problem or difficulty found in the computer, server or in the system shall contact the Head Office and sort out the problem.

(viii) Revised returns/TDS/ deposits of Current demand/arrear demand are to be entered in the computer in all cases.

(ix) The returns which could not be entered due to defects/deficiencies in the software shall be kept separately by the concerned bench clerk for necessary action.

(x) On first of every month a hard copy of the details of the returns entered into the computer (similar to ARPA of the OST regime) and a progressive collection register (PCR) shall be generated through the computer.

3. Scrutiny of Returns.

i) The ACCT's, CTO's and Addl. CTO's shall scrutinize the returns through the query reports available in the computer. They may take the assistance of the programmer/Jr. programmer or other officers.

ii) On the first of every month, the STO will generate the list of non-filers and issue notices.

iii) Manual scrutiny of returns may also be taken wherever necessary.

iv) On scrutiny of returns if any discrepancy is noticed, appropriate legal action may be taken. In case the dealer appears to be risky, the matter shall be referred to the ACCT for tax audit or surprise inspection, as the case warrants.

v) A register in Format I shall be maintained for scrutiny of returns

4. Audit.

i) To watch and monitor tax audit conducted by the audit teams constituted by the ACCT in charge of range, a register in Format-II for audit visit reports under Orissa VAT Act shall be maintained by the officer in charge of audit team. The officer in charge of the audit team shall be the custodian of the register.

ii) To watch and monitor the assessments done on the basis of the audit visit reports, a register in Format-III for assessment on audit visit reports shall be maintained by the officer in

charge of audit assessment. The officer in charge of assessments on audit visit reports shall be the custodian of this register.

5. DCR.

A demand collection register (DCR) in Format-IV under Orissa VAT Act shall be maintained in circle / range by the assessing officer to watch and monitor the assessments disposals and demand raised under different sections of Act and follow up action with regard to realization of the demanded tax.

6. Refund.

A register in Format-V for refund under Orissa VAT Act shall be maintained by the assessing authority / refund granting authority to watch and monitor refund claimed and refund granted by the officers.

7. A register for recovery of tax under tax recovery schedule(Schedule-E) shall be maintained in Format-VI

8. A register for show cause u/s 50(5) of OVAT shall be maintained in Format-VII

9. Enforcement Unit.

The officer in charge of the investigation units and ACCT in charge of Enforcement Range shall maintain registers Format-VIII & IX. The ACCT in charge of Enforcement Range shall send monthly progress report in the same formats to the Head Office by 10th of every month on work done in his range to facilitate review of the performance of the Enforcement wing.

Inspection of offices by senior officers of the Department is essential to ensure that different provisions of the law are enforced in accordance with the law and due tax is collected. Hence, the senior officers are required to inspect the work of their subordinate offices on regular basis. The purpose of inspection by the senior officers of the department is not only to chastise the erring officers, but also to educate them. The ACCT is the head of the range and tax administration under VAT Act is range- centric. The ACCT should own the responsibilities and inspect regularly his subordinate officers and ensure that works required under the Act are executed in true spirit of the law. Similarly, Addl. Commissioner of Commercial Taxes should inspect his subordinate offices of his jurisdiction. The Addl. CCTs & ACCTs should draw their action plan in advance and submit their plans and inspection note regularly to the Head Office for the perusal of the Commissioner.

Encl: Formats I to IX

Sd/-

(A. P Padhi, IAS)

Commissioner of Commercial Taxes, Orissa,
Cuttack

(I)

REGISTER FOR SCRUTINY OF RETURNS UNDER OVAT ACT.

Sl.No.	R.C. No.	Name of the dealer with address whose return has been scrutinized	Tax period	Discrepancies found if any	Action taken	Name of the officer scrutinizing The return	Remarks
1	2	3	4	5	6	7	8

(II)

REGISTER OF AUDIT VISIT REPORT UNDER OVAT ACT
(OFFICER IN CHARGE OF AUDIT)

Sl. No.	R.C. No.	Name of the dealers with address	Date of issue of notice in FORM VAT-301	Date of Audit visit	Date of completion of Audit	Date of submission of Audit Visit Report in FORM VAT-303	Tax periods to which it relates	Revenue implication in the report	Name of the Officer in charge of Audit & name of the other members of the Audit team
1	2	3	4	5	6	7	8	9	10

(III)

REGISTER OF ASSESSMENT ON AUDIT VISIT REPORTS UNDER OVAT ACT
(OFFICER IN CHARGE OF AUDIT ASSESSMENT)

Sl.No.	R.C. No.	Name of the dealers with address	Date of receipt of Audit visit report in FORM VAT-303	Periods to which it relates	Revenue implication in the report	Date of completion of Audit assessment	Demand raised / Dropped	Sl. No. of DCR of OVAT ACT	Name of the assessing officer
1	2	3	4	5	6	7	8	9	10

(IV)

DEMAND COLLECTION REGISTER UNDER OVAT ACT.

Sl. No.	R.C. NO.	Name of the dealer with address	Section under which demand raised	Period to which it relates	Date of completion	Amount of demand raised			
						Tax	Interest	Penalty	Total
1	2	3	4	5	6	7	8	9	10

Date of issue of order	Date of service of order	Due date for payment	Amount stayed in 1 st appeal/Revision/HC/SC	Date of issue of show cause notice U/S 50(5) of OVAT ACT	Date of imposition of penalty U/S 50(5) of OVAT ACT	Amount of penalty imposed
11	12	13	14	15	16	17

Amount paid				Date of payment in to Govt. Try.	PCR No.	Date of issue of notice as per provision contained in schedule-E to TRO in FORM-1	Amount involved thereof	Remarks
Tax	Interest	Penalty	Total					
18	19	20	21	22	23	24	25	26

(V)

REGISTER FOR REFUND UNDER OVAT ACT.

Sl. No.	R.C. NO.	Name of the dealer with address	Date of filing of refund application with FORM VAT No.	Period to which it relates	Amount of refund granted U/R 64(1)	Amount of refund claimed in other cases
1	2	3	4	5	6	7

Date of disposal of refund application in other cases	Amount of refund granted	Interest paid if any	Total amount of refund & interest paid	Refund payment voucher No. with date	TV No. with date	Remarks
8	9	10	11	12	13	14

(VI)
REGISTER FOR RECOVERY AS PER TAX RECOVERY SCHEDULE
(SCHEDULE-E) UNDER OVAT ACT.

Sl. No.	R.C.No.	Name of the dealers with address	Date of receipt of notice in FORM-I from STO	Amount involved thereof				Date of issue of notice in FORM-II to the dealer	Remark
				Tax	Interest	Penalty	Total		
1	2	3	4	5	6	7	8	9	10

(VII)
REGISTER OF SHOW CAUSE U/S 50(5) UNDER OVAT ACT

Sl. No.	R.C.No.	Name of the dealer with address	Date of issue of show cause notice U/S 50(5) of OVAT ACT	Amount involved	Date of imposition of penalty	Amount of penalty imposed	Remarks
1	2	3	4	5	6	7	8

(VIII)
MONTHLY PROGRESS REPORT FOR ENFORCEMENT WING.

Name of the month	No. of cases pending at the beginning of the month	No. of investigation Audit/ Tax Audit undertaken in the business premises of the dealers.	Total (2+3)	No. of cases where investigation have been completed and submitted	Whether discrepancy is found
1	2	3	4	5	6

If yes, revenue implication of investigation Audit/Tax Audit visit reports	No. of reports transmitted to Range / circle	Balance No. of reports pending at the end of the month (4-5)	No. of reports disposed off by the Range/ Circle	Amount of demand raised on such reports	Remarks
7	8	9	10	11	12

(IX)

Name of the month	No. of vehicles intercepted on the road / border area	No. of vehicles where discrepancy noticed	AMOUNT OF COLLECTION			Name of the Circle where such collection has been deposited	Remarks
			Tax	Penalty	Total		
1	2	3	4	5	6	7	8