

March 20, 2009

To
All Members In West Bengal,
Eastern India Corrugated Box Manufacturers' Association

Subject: **Steps Taken By Tax Consultative Committee: Simplification Of Vat**

Dear Sir/Madam,

The Tax Consultative Committee meeting (W.B. State Level) was held on 25.2.09, wherein the steps taken by the VAT Department to simply various aspects of VAT were circulated which is given below for your information and guidance:

1. NEW REGISTRATION

- a) Prior inspection of Dealers place of business before grant of registration has been done away with.
- b) Deemed Registration if application is not disposed within 30 days.
- c) Central Registration Cells set-up for granting registration on same day.
- d) Special Amnesty Scheme were announced from time to time to attract dealers with liability to apply for registration. Only 549 dealers took benefit in Amnesty Scheme, 2008.
- e) Registration Camps organized with co-operation of Trade Bodies and Byabasayee samity (door-step registration of dealers).
- f) Joint Registration camp for VAT / ST / CST / PT will be organized once every month starting from April 2009. Trade bodies requested to lend whole-hearted support. Ready to organize Registration Camps at Trade Bodies or any other convenient place. Trade bodies requested to publicize this.
- g) Simplification of Registration forms and procedures.
- h) Online application for VAT / CST Registration.

2. VAT REFUND

Appreciates that some applications for pre-assessment refund of excess ITC submitted by Exporters and EC holders pending for long. The relevant rules have now been amended to ensure time-bound refund. Dedicated Refund Unit headed by Additional Commissioner has been created at the Directorate to monitor timely processing of refund applications.

Salient features of new VAT Refund rules are:

New Refund applications for dealers eligible to claim pre-assessment refund are to be filed before Central Refund Unit at 2nd Building, 1st floor, 14, Beliaghata road, (Beside Monoharkatra Charge), Kolkata.700015. Tel.22516784 Ext.308.

Dealer has to apply for Refund each Quarter within 4 months from the end of each quarter starting from quarter ending Sept. 2008. In case the Dealer fails to file refund application for a particular quarter within the stipulate time, he then becomes ineligible for pre-assessment refund and refund for that period can only be given after completion of assessment for that period. This may result in considerable delay. Only 29 applications for quarter-ending Sept. 2008 for pre-assessment refund under the new Rules have been received by the Department. Dealers should take advantage of the new rules which Trade Bodies are requested to publicise. Directorate can also organize Training Workshop to apprise members about new rules.

3. SETTLEMENT OF DISPUTE SCHEME (SOD)

The new SOD Scheme in amended form came into effect from 1.4.2008. Any appeal or revision case filed before and pending on 31.3.2008 are eligible under the new SOD Scheme. Bottom line of settled rate is fixed at 25% as against 40% in earlier schemes. The new SOD Scheme will end on 31.3.2009. Therefore Dealers

will have to file application under the scheme by 31.3.2009 to take advantage. Wide publicity has already been given through press and individual communications to trade bodies. Since only few days are left for scheme to end, trade bodies are requested to adequately publicize the same.

4. SELECTIVE ASSESSMENT FOR 2006-07

Trade bodies have highlighted that many dealers had to face Assessment for assessment year 2005-06 (first year of VAT regime). The relevant provisions of assessment under VAT Act are:

a) Assessment under VAT Act is NOT COMPULSORY. All dealers who have filed timely correct and complete returns are DEEMED TO HAVE BEEN ASSESSED.

b) Dealers under VAT would be assessed for any assessment year only in following cases:

- i) Dealer has not filed returns for any period.
- ii) Dealer has not paid full amount of tax / penalty / interest / late-fee.
- iii) Dealer has paid deficit amount of tax / penalty / interest / late-fee.
- iv) Dealer has not submitted CST Declaration forms in support of inter-State sales.
- v) Dealer has been allowed pre-assessment refund.
- vi) Dealer has applied for assessment to claim refund.
- vii) Some discrepancy found in audit / investigation.

Around 97% of assessment were taken up for dealers falling under category (i) to (iv) above.

In order to give relief to Dealers from getting assessed for assessment year 2006-07, the process of which has already been initiated, notices to dealers have been given of above categories to either submit declaration forms and other documents or deposit requisite tax along with interest to avoid assessment for the assessment year 2006-07.

5. DISPOSAL OF INCENTIVE CASES UNDER THE INDUSTRIAL PROMOTION ASSISTANCE SCHEME.

One dedicated Incentive cell headed by an Addl. Commissioner, Commercial Taxes, West Bengal, has started functioning to take care of all pending incentive cases and also all current cases. Instructions have been given to dispose of all current applications within one month from the date of receipt of applications. All pending applications will be disposed of within 31st March 2009. Trade Bodies may inform in writing of cases of incentive pending for more than 45 days.

6. PUBLIC GRIEVANCE CELL

A Public Grievance Cell headed by an Additional Commissioner, has recently been opened at Beliaghata Building. In addition to Beliaghata Building, similar Grievance cells have been opened at Howrah, Behala, Salt Lake, Durgapur and at Siliguri which are also headed by respective Additional Commissioners.

I am circulating this all members for their information and guidance.

Thanking you,

Yours Sincerely,

For Eastern India Corrugated Box Manufacturers' Association,

R.G. Agarwala
Chairman, Excise & Taxation Committee