

Input Tax Credit Allowed On Machine Spare Parts, Components & Accessories -It is proposed to allow input tax credit on spare parts, components and accessories of plant and machinery used in manufacturing. It is also proposed to allow input tax credit on pollution control equipments installed in industrial units.

Audit Report Threshold Limit Increased To 1.5 Crores -Rule 44 of the WB VAT Rules, 2005 requires every registered dealer, other than a Public Limited Company or Private Limited Company, whose turnover of sales or contractual transfer price exceeds Rs. 1 crore in a year to submit Profit and Loss Account and Balance Sheet for such year, along with Audit Report of a Chartered Accountant or Cost Accountant. It is proposed to further raise the threshold from Rs. 1 crore to Rs. 1.5 crore.

Changes In Assessment Process & Penalty For Tax Liability Deferment -Under the W.B. Value Added Tax, 2003, a dealer is deemed assessed unless he has defaulted in filing returns, payment of tax, interest, penalty or late fee or has paid deficit tax, interest, penalty or late fee or has failed to submit Central Sales Tax Declaration Forms in support of his inter-state transactions and so on. In order to give the dealer an opportunity to remove discrepancy in his returns as well as reduce the workload of unnecessary assessment, two amendments in the WB VAT Act, 2003 proposed to bring about changes in the assessment process.

The first amendment seeks to prevent an assessing officer from initiating any assessment if no scrutiny has been done within the statutory time-limit (4 months) as provided in the Act.

The second amendment seeks to prevent an assessing officer from proceeding with assessment if the dealer removes the cause of assessment within 20 days of the receipt of initiation notice of assessment. However, in order to discourage the dealers from taking undue advantage of this relaxed provision for the purpose of deferring their tax liability, it is propose to impose a penalty of 10 per cent of the defaulted tax, interest or late fee. Similar amendments proposed in the Central Sales Tax (West Bengal) Rules, 1958.

Assessment By Audit Officer, If Required - The present WB VAT Act, 2003 provides for Departmental Audit of different dealers selected randomly on the basis of their annual turnover. The audit officer examines the returns of the dealers with respect to books of accounts, audit reports of the Chartered Accountants or Cost Accountants, etc. and submits an audit report to the assessing officers for computation of demand through assessment. A dealer, therefore, has to produce before the assessing officer the same books of accounts which have earlier been examined by the audit officer. In order to avoid unnecessary duplication of work and delay, it is propose to introduce a new provision of audit-assessment in the WB VAT Act, 2003 wherein the audit officer would be empowered to assess the dealer if some discrepancy, with revenue implications, is observed by him during audit.

Reduction In Late Fees For Late Submission of Returns -Proposal to further reduce the quantum of late fee for default in submission of returns with due date from Rs. 2,000 to Rs. 1,000 for the first month of default and Rs. 500 to Rs. 250 for each subsequent month of default for all dealers with quarterly tax liability exceeding Rs. 10,000. Moreover, for small dealers having quarterly tax liability upto Rs. 10,000, quantum of late fee reduced from Rs. 500 to Rs. 300 for first month of default and from Rs. 200 to Rs. 100 for each subsequent month of default.

Revised Return Time Limit Increased to Six Months -Section 32 of the WB VAT Act, 2003 allows a dealer to submit a revised return any time before the date prescribed for furnishing the next return if the dealer discovers any omission or error in any return furnished by him. In order to give the dealers a relief, it is proposed to enhance the time limit of filing of revised returns from three months to six months from the due date of filing of any return.

Dealers Having Turnover of Less Than 2.0 Crores – Relaxation To Maintain Quantity & Value of Goods Purchased & Sold -Under the Value Added Tax a dealer gets full and complete credit of the tax paid by him on his purchases and to that extent tax payable on his sales reduces. However, a dealer is required to maintain a true and up-to-date account of the quantity and value of goods purchased and sold by him for getting this benefit. It is proposed to soften the rigor of this provision for small dealers by making suitable amendment to the Section 22 of the WB VAT Act, 2003. Under the amended provision, a dealer with annual turnover of sales not exceeding Rs. 2 crores will get the benefit of enjoying input tax credit provided he is able to produce other documents like tax invoice in support of his purchases.

Exporters – Pre Assessment Refunds - It is proposed to further simplify the process of grant of pre-assessment refunds. Section 61(ab) of the WB VAT Act, 2003 and Rule 76 of WB VAT Rules, 2005 requires a dealer claiming refund to furnish a declaration and also a Certificate in Form 12B for all his purchases. It is proposed to do away with the necessity of furnishing these Declarations and Certificates.

It is also proposed to increase the first disbursement of pre-assessment refund which is to be made within one month of the filing of application from present 50 per cent to 75 per cent. It is further proposed to introduce the system of online submission and electronic processing of Refund applications by 30th June, 2010. Further, it is proposed to develop an Electronic Clearance System (ECS) for release of refund directly into the dealers' bank account. These measures will go a long way in bringing about much needed speed and transparency in the refund process.

E- Registration - Proposal to extend the facility of online registration for new dealer through Facilitation Centres in addition to Central Registration Units. It may kindly be noted that one of the major time-consuming conditions of personal appearance and hearing in the existing system of registration has thus been totally dispensed with under the new system.

Increase In Facilitation Centres -Proposal to further extend the reach of the Facilitation Centres by increasing their numbers in unrepresented and poorly represented areas & to allow the Facilitation Centres to offer all other e-services.

Settlement Scheme Introduced -It is propose to introduce a Settlement Scheme for all cases under West Bengal Sales Tax Act, 1994 pending with the Certificate Organization against demand raised upto 31st March, 2004. The Settlement Scheme will be as under:

Reduction of 75 per cent of the Certificate demand upto Rs. 5.00 lakhs, lying unrecovered against demand raised upto 31st March, 2004 and 50 percent waiver of the interest accrued for non-payment of the Certificate demand within the specified date in the notice issued by the Tax Recovery Officer and cost and other charges.

Reduction of 50 per cent of the Certificate demand exceeding Rs. 5.00 lakhs, lying unrecovered against demand raised upto 31st March, 2004 and 50 per cent waiver of the interest accrued for non-payment of the Certificate within the specified date in the notice issued by the Tax Recovery Officer and cost and other charges.

Withdrawal of all Certificate demand in respect of assessment period upto 31st March, 1999 arising from ex-parte assessments for three successive assessment years, including the year for which instant Certificate was raised provided no amount had been realized against such demand and registration certificate had also been cancelled on or before 31.3.2009 and the dealer is found to be non-existent in course of enquiry.

Pending Cases With Revision Board Transfer To Directorate of Commercial Taxes –

Proposed a Fast Track mechanism for disposal of the pending cases with the Provisional Board. Under the Scheme, all cases under the West Bengal Sales Tax Act, 1994 with disputed amount of less than Rs. 1 lakh and which are pending with Revisional Board on 30th June, 2010, shall be transferred to the Directorate of Commercial Taxes. The Commissioner shall constitute suitable number of benches, each comprising of three Additional Commissioners, for disposal of the transferred cases within one year of the transfer. This measure will enable the West Bengal Appellate & Revisional Board to take up the VAT appeal cases.

Composite Scheme Dealers – Annual Return - Section 16(3) of the WB VAT Act, 2003 provides for a Composition Scheme for small registered dealers who are resellers of goods. Any registered dealer whose annual gross sale does not exceed Rs. 50 lakh may at his option pay tax at a compounded rate of 0.25 per cent of the total turnover. Under the scheme, these small dealers are required to submit quarterly returns and deposit tax monthly. This quarterly submission of return and monthly payment of tax increases the compliance cost of these dealers. It is proposed to reduce this cost by allowing these dealers to submit returns annually and pay the tax quarterly.

For Eastern India Corrugated Box Manufacturers' Association

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Note: The above proposals are as per the West-Bengal Budget Speech presented by F.M. on 22nd. March, 2010.