

## Circulars for the year 2014-15

<b>Sl No.</b>	<b>Circular No.</b>	<b>Issued Date.</b>	<b>Subject of the Circular</b>	<b>Act</b>
1	CCT CLR 01	11.04.2014	Acceptance of “C” or “F” Form declarations	CST Act
2	CCT CLR 04	20.05.2014	Communication to the dealers in respect of new facility for electronic upload of purchase and sale details	KVAT Act
3	CCT CLR 06	16.06.2014	Educative period for implantation of Electronic upload of purchases and sales statement (eUPaSS) – Certain instructions.	KVAT Act



**GOVERNMENT OF KARNATAKA**  
**(Department of Commercial Taxes)**

No. ADCOM(I&C)/PA/CR-5/2013-14

Office of the Commissioner of  
Commercial Taxes(Karnataka),  
1st floor, VTK-1, Kalidasa Road,  
Gandhinagar, Bangalore-560 009.  
Dated: 11.04.2014.

**COMMISSIONER OF COMMERCIAL TAXES CIRCULAR NO. 01/2014-15**

Sub: Acceptance of 'C' or 'F' Form declarations wherein the date of invoice or consignment note issued by the seller/consignor belongs to one quarter and date of delivery of goods to the buyer/consignee is in subsequent quarter or month.

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1. Representations have been received from the trade bodies regarding the difficulties faced by the dealers in respect of receipt of C and F forms which are being filed for claiming concessional rate of tax or exemption from payment of tax respectively. It is brought to the notice of this office that the Local VAT officers(LVOs)/ VAT Sub Officers(VSOs) and Audit Officers are rejecting the declaration in C form if the date of tax invoice of seller belongs to one quarter and the date of delivery to the buyer in other State is in another quarter relying on the proviso to Rule 12(1) of CST (R & T) Rules 1957, which specifies that a single 'C' form declaration may cover all transactions of sale which take place in a quarter of a financial year. However, in the case of any transaction of sale, the delivery of goods is spread over to different quarters in a financial year or of different financial years, it shall be necessary to furnish a separate declaration in respect of goods delivered in each quarter of a financial year. Similarly in the case of 'F' form declaration, the LVOs/ VSOs and Audit Officers are denying the exemption against F form declaration if the date of dispatch of goods is in one month and date of receipt( delivery) is in another month on the ground that as per Rule 12(5) of the CST (R & T) Rules 1957, a single declaration may cover transfer of goods by a dealer to any other place of his business or to his agent or principal, as the case may be, effected during the period of one calendar month.

2. The date of invoice or consignment note indicates the date on which the seller or consignor has effected the sale or stock transfer from the State of Karnataka and the buyer or consignee in the other State would account for such transactions after the goods are delivered to him. Thus, there is a gap of time between the raising of sale invoice or consignment note by a dealer of this State and the actual receipt of the goods by the dealer in another State. This time gap may result in change of quarter or month mainly in the cases of sale or stock transfers of goods effected in the last week of the end of a quarter or a month. By the time such goods are received by the purchaser or an agent next quarter or month would have started. The delay in recording the receipt of such goods in the purchase register or stock register by the receiving dealer in the other State may also be due to reasons like quality checking and inspection of such goods by the technical staff and further accounting by the purchase

section. In the cases where there is a gap of time for the reasons mentioned above, the date of invoice or stock transfer note may not fit into the same quarter or month of the year or years for which a declaration in 'C' or 'F' form is issued.

3. In respect of CST forms, including declaration in Form 'C' or 'F', received by the dealer of Karnataka from the dealers of other States, a provision has been made to upload the details of such CST forms on to the website <http://vat.kar.nic.in/> after logging into the system with valid username and password provided by the department to the dealers. The system would accept the details of all the 'C' forms and 'F' forms irrespective of the fact that the date of invoice or consignment note is not falling under the same quarter or month of the said declarations. Thereafter, the dealer is required to submit such 'C' or 'F' declaration forms, physically to the concerned LVO or VSO to obtain an acknowledgement. The concerned LVO or VSO verifies the details of such forms uploaded by the dealer electronically with reference to the contents of 'C' and 'F' forms submitted physically. At this stage, some of the LVOs or VSOs reject the 'C' form, if such a single form is issued on the basis of date of delivery instead of date of tax invoice, containing invoices relating to dates of two separate quarters. Further, some of the Audit Officers while concluding the reassessment orders, are disallowing the claim of concessional rate of tax on the interstate sales turnover relating to 'C' form, if such a single form is issued on the basis of date of delivery instead of date of tax invoice, containing invoices relating to dates of two separate quarters. Similarly 'F' Forms are also being rejected on the ground that the consignment notes of different months are included in a single 'F' form.

4. In the light of the above observations, in the case of receipt and acceptance of 'C' form or 'F' form declarations, the following instructions are issued:

- a) The LVO/VSO or Audit Officers should not straightaway reject the same for the reason that the date mentioned in the sale invoice or consignment note does not match as the declaration form issued by the dealer of other State pertains to next quarter or month. The primary objective of a 'C' Form or an 'F' Form declaration is to ensure that goods are dispatched to other State as a result of sale or otherwise and the same are accounted for by the dealer of other State. As long as this primary objective is met the said declaration forms can be accepted as valid. Therefore, such declarations can be accepted as valid declarations relating to goods delivered in a quarter or month based on the date of dispatch of such goods or date of receipt of such goods in other States or date of invoice or combination of all the three.
- b) If the time gap between the dates mentioned in the documents and the declarations filed by the seller is too large and if the accepting authority is having any doubt regarding the genuineness of such declarations, it is instructed to get the declarations cross verified through the Additional Commissioner (I & C).

5. The above instructions are to be scrupulously followed by all the officers concerned.

  
(AJAY SETH)

Commissioner of Commercial Taxes,  
(Karnataka), Bangalore.  
Commissioner of Commercial Taxes  
in Karnataka, BANGALORE

To,  
All the officers in the State.

**GOVERNMENT OF KARNATAKA**  
**(Department of Commercial Taxes)**

NO: CCW/CR-44/2013-14

Office of the Commissioner of  
Commercial Taxes in Karnataka,  
Bangalore, Dated: 20-05-2014.

Commissioner Of Commercial Taxes Circular No. **04** /2014-15

**Sub:** Communication to the dealers in respect of new facility for electronic upload of purchase and sales details-Reg

**Ref:** Notification No.CCW/CR-44/2013-14, dated 29/04/2014 issued by the Commissioner of Commercial Taxes- reg.

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Pursuant to the announcement made by the Hon'ble Chief Minister in the State Budget 2013-2014 to provide facilities to the dealers to upload the details of their purchase and sales along with returns to prevent disputes relating to correctness of input tax rebate claims at a later stage and also for faster processing of refund claims, the Commercial Taxes Department has now established a comprehensive electronic system which envisages, at the first stage, to facilitate dealers in electronic uploading the details of purchase and sales (local and interstate) including inter-State stock transfers and export sales along with their returns.

**2.** A notification dated 29-04-2014 has been issued by the Commissioner of Commercial Taxes under first proviso to section 35(1) of the Karnataka Value Added Tax Act, 2003 requiring all the dealers whose turnover is Rs. 50.00 lakh or more for the year ending on 31-03-2014 or in any subsequent tax period to electronically upload details of purchase and sales (local and interstate) including inter-State stock transfers and export sales along with their returns. The dealers who are getting this facility have been identified by the VATefs system and a message to the effect that *"A facility has been provided to upload the details of Local Sales and Purchases & Interstate Purchases and Sales (including Receipts & Despatches) and Exports to avail faster refunds due to input tax credit claims. Uploading these details is mandatory for you for the tax period of May 2014 and onwards, as the Total Turnover is more than Rs 50 Lakhs for the year 2013-14"* is being flashed to such dealers when they log into the system. A report is now made available in VATe-filing system which contains the list of the dealers getting the facility of electronically uploading the details of purchase and sales.. The same may be viewed by Local VAT Officer(LVO) /VAT Sub Officer (VSO) by logging into <http://vat.kar.nic.in/cto/> and through the path **Dealer.Admn → Dealer Messages → on e-Statement.**

3. It is of prime importance that the communication channel provided to the LVO/VSO in communicating the dealers about the facility provided to them shall be made use effectively for making them to comply with terms of the notification dated 29-04-2014 issued in respect of electronic uploading of purchase and sales details. A SMS, e-Mail based messaging system and the system to generate a request (appeal) letter to such of the dealers is developed with the help of NIC and put in place. The said request (appeal) letter is in Kannada and English as well, addressed by the Commissioner of Commercial Taxes to the dealers individually and also contains the address of the dealer to enable the LVO/VSO to take a print out for dispatch. To make use of the said system in a more efficient and effective manner the following instructions are issued:

- a. As a first step, a SMS shall be sent immediately to such dealer who is required to upload the details of purchase and sales. The short message to be sent to the dealers is also system generated.
- b. After two days of sending the SMS an e-mail shall be sent to the all the identified dealers (wherever e-mail Ids are available). The message to be sent through the e-mail is also system generated.
- c. After two days of sending of e-Mail to the dealers for whom the e-mail Ids are available, The LVO/VSO can log into <http://vat.kar.nic.in/cto/> keep the cursor on **Dealer.Admn** → **Dealer Messages** → **on e-Statement**.
- d. and take out the print out of request (appeal) letter in A4 size paper in respect of each dealer and fold this letter in such a way that the address is visible on the top and thereafter affix the seal of the office address and affix the postal stamp and dispatch the same. Alternatively, if it is feasible to serve the request letter through the Bill Collector of LVO/VSO, the same can be arranged.
- e. In case of dealers who have not provided e-mail Id, the LVO/VSO shall proceed to take out the printout of request(appeal) letter and desptac the same as explained in para ( c) above immediately after two days of sending the SMS.
- f. There may be a few dealers who have not furnished even the mobile numbers. In such cases, the LVO/VSO shall directly proceed to take out printout of request (appeal) letter and desptach the same as explained in para ( c) above.

4. The entire exercise specified at (a) to (e) of para (3) shall be completed before 31-05-2014. The LVO/VSO shall not send further SMS/e-Mail and dispatch letter after

one round of process is completed as stated in para (3) above until the instructions are issued by this office .

5. Concerned Divisional VAT Officers shall personally monitor and supervise the exercise to be carried out by the LVO/VSO of their division. The above instructions shall be scrupulously followed by all the officers.



(AJAY SETH),

Commissioner of Commercial Taxes  
(Karnataka), Bangalore

Copy to :

1. All the Joint Commissioners of Commercial Taxes, VAT Divisions / LVOs / VSOs in the State.
2. All the Additional Commissioner of Commercial Taxes in the office of the Commissioner of Commercial Taxes



**GOVERNMENT OF KARNATAKA**  
**(Commercial Taxes Department)**

No. CCW/CR-44/2013-14.

Office of the Commissioner of Commercial Taxes,  
Gandhi Nagar, Kalidasa Road, Bangalore – 560 009

Dated: 16.06.2014.

Commissioner of Commercial Taxes Circular No: 06 /2014-15

**Sub:** Educative Period for implementation of Electronic Upload of Purchase and Sales Statement (eUPaSS)– Certain Instructions – reg

**Ref:** Notification No CCW/CR-44/2013-14 Dated 29.04,2014

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In pursuance of the announcement made in the Budget Speech for FY 13-14, Commercial Taxes Department (CTD) has deployed an electronic service of uploading of purchase and sales details by the dealers at the department's portal. The goals of this new service are to minimize disputes related to input tax credit, facilitate electronic audit across the VAT chain for all dealers instead of the current arrangement of manual audit, and help in faster processing of refunds.

2. As per notification No: CCW/CR 44 /2013-14 dated 29.04.2014 all dealers, whose total turnover is Rs 50 lakhs and above for the year ending on 31.03.2014 or in any subsequent financial year, are required to electronically upload the purchase and sales details onto the departmental portal for each tax period (month) before 20<sup>th</sup> of the succeeding month, commencing from the tax period of May 2014.

3. The department in coordination with trade and industry associations has undertaken awareness and training programmes extensively for the dealers, tax consultants and other stakeholders. These programmes have been completed at divisional level and are now being organized at district and local VAT office levels. So far nearly 15000 stakeholders have participated in these programmes. Still a lot of ground needs to be covered to reach out to all dealers to facilitate their participation in this new e-service. The department has also set up help-desks at each local and divisional VAT office levels to provide hand-on training to dealers and tax practitioners. These help desks are yet to become fully operational.

4. Trade and industry associations have welcomed the new e-service and conveyed their commitment to adopt this tax reform. However, a number of representations have been received from several trade and industry associations requesting the department to provide some time to the dealers to understand and learn the process of electronic uploading of purchase and sales statements. The associations have requested that no penal provisions should be invoked for non-uploading of the statements till the awareness training programmes reach out to majority of the dealers. The associations have also represented the dealers who are exclusively dealing in exempted commodities should be taken out of the purview of the scope of uploading the purchase and sales statements.

5. The representations of the associations of trade and industry have been examined and it is considered necessary to issue following clarifications for smooth implementation of the new e-service of uploading of purchase and sales statements.

- a. The dealers whose entire turnover is from tax exempted goods under the KVAT Act 2003 are not required to electronically upload local purchase and local sales details.
- b. The dealers whose turnover pertains to both tax exempt and taxable goods are required to upload the purchase and sales statements and also other details as applicable as per notification. However, for tax exempt goods, the details on lump sum basis can be entered as 'sales to' or 'purchases from' unregistered dealers (URD). Only when a purchaser wants an invoice with mention of his or her TIN, details of such invoice can be uploaded individually. For taxable goods all details as prescribed in the notification will have to be uploaded in case of 'purchase from' and 'sales to' registered dealers.
- c. The period from 21.06.2014 to 20.07.2014 (one month) is declared as educative period for all the dealers who have been covered under the said notification.
- d. Further the period from 21.07.2014 to 20.09.2014 (two months) is declared as educative period for the dealers whose total turnover is more than 50 lakhs but less than 1 Crore as per the said notification.
- e. In view of the educative period being provided, the dealers will be required to indicate the period (number of days) required by them to upload the purchase and sales details. This information will need to be provided while submitting tax returns for the tax periods from May 2014 onwards at the departmental portal.
- f. Before end of the educative period, the dealers are required to upload the purchase and sale details for the tax periods from May 2014 onwards.

6. During the educative period as mentioned above, no penal provisions under KVAT Act shall be invoked by the departmental officers against the dealers who are unable to upload the details. The dealers are, however, encouraged to participate in the awareness and training programmes being organized by the department and start uploading the details even during the educative period. An early participation by all eligible dealers will help all stakeholders to reap the benefits of this new e-service.

7. All Divisional and Local VAT Officers are instructed to pursue with all eligible dealers even during the educative period, ascertain their training requirements, organize the awareness and training programmes, including hands-on training, at local VAT office levels, and persuade them to start using this e-service at the earliest.



**(AJAY SETH)**

**Commissioner of Commercial Taxes**

To,

1. All the officers of Commercial Taxes Department
2. Trade & Industry Associations