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**GOVERNMENT OF MEGHALAYA
OFFICE OF THE COMMISSIONER OF TAXES, ETC
MEGHALAYA, SHILLONG.**

No. CTAS-2/2007/ 5053 /

Dated Shillong, the 7/3/09

To,

The Superintendent of Taxes,
Circle- I, II, III, IV, V, VI, Thoh Team/
Purchase Tax Circle/ Jowai/Nongstoin/Nongpoh/Tura/Williamnagar.

Subject :- Scrutiny of returns under the Meghalaya Value Added Tax Act.

In terms of sub section (1) of Section 39 of the Meghalaya Value Added Tax Act (Act No. 2 of 2005) each and every returns in relation to any tax period furnished by a registered dealers or a dealer to whom notice has been issued by the Commissioner under Section 35 of the Act shall be subject to scrutiny by the Assessing Authority to verify the correctness of calculation/application of correct rate of tax, interest, claim of input tax credit, payment of tax and interest payable during such period. The returns aforesaid include those filed quarterly/annually by the dealer. In this connection the assessing officers who are the prescribed authorities are instructed to initiate action as per provision of law in a time bound manner. A register should be maintained by each unit/ circle office to keep a brief record of the work done. The register may be kept in the following manner:-

| Sl No. | Name of the registered dealer | TIN | Type of return | Quarterly/ Annually | Anomaly found on scrutiny | Whether notice issued for curing of defects | Signature of the Prescribed Authority in the Unit/Circle Office with date. | Result of action taken whether defects cured | Remarks | Signature of the Prescribed authority with date. |
|--------|-------------------------------|-----|----------------|---------------------|---------------------------|---|--|--|---------|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |

It must be borne in mind that the spirit of VAT requires facilitation for honest tax compliance. Therefore any mistake detected as a result of scrutiny of returns as outlined above has to be pointed out to the dealer through a notice in Form- 20. In the event of curing defects should a dealer submit a fresh return within the period specified in the notice evidencing payment of the extra amount of tax/interest payable, the dealer shall be deemed to have submitted a correct and complete return.

In case a dealer fails to furnish fresh return with payment of extra tax and interest, if any, payable after curing the defects as pointed out to him, the prescribed authority should proceed for provisional assessment under Section 54 of the Act after allowing the dealer an opportunity to be heard in line with the principles of natural justice.

The manner of completion of provisional assessment has been laid down in Section 54 of the Act which the prescribed authority should exercise. It is noteworthy that such cases of provisional assessment will be subject to audit assessment under Section 55 of the Act.

The prescribed authority should bear in mind that scrutiny of returns filed by dealers is crucial so as to facilitate the process of selection of cases for audit assessment under Section 55 of the Act. As the success of VAT mainly depends on the effectiveness of audit mechanism selection of cases for audit is vital and thus scrutiny of returns will provide definite and meaningful inputs.

Once the scrutiny of return is complete the exercise may result in the formation of opinion regarding the general nature of a dealer's business. A register with a brief narration of the finding of every case scrutinized should be maintained and a report shall be furnished to the undersigned.



(L. Kharkongor)
Commissioner of Taxes, etc
Meghalaya, Shillong.