

Office of the  
Commissioner of Sales Tax,  
Maharashtra State, Mumbai,  
8<sup>th</sup> Floor, Vikrikar Bhavan,  
Mazgaon, Mumbai- 400010.

**Trade Circular**

**No. : - ACST/VAT 01/ Refunds/ Mumbai, Dt : 29<sup>th</sup> August 2009**

**Trade Circular No. 24 T of 2009**

**Subject: - Grant of refund under MVAT Act to specified category of dealers - Modifications/clarifications**

***Reference: -1. Trade Circular No. 19T of 2008, dated 23/05/2008.***

***2. Trade Circular No 30T of 2008, dated 21/08/2008.***

***3. Trade Circular No.36 T of 2008, dated 20.10.2008.***

Gentlemen /Sir /Madam,

This office had earlier issued Trade Circular No. 19 T of 2008 Dt. 23.05.2008, Trade Circular No 30 T of 2008, dated 21/08/2008 and Trade Circular No.36 T of 2008, dated 20.10.2008 to explain the scheme of quick and pre audit refunds (*referred to as "Fast Track Refunds"*) to the specified category of dealers.

2. Certain conditions in the said circulars have been represented before us to be causing hardship to some of the dealers claiming refund. Similarly, some issues in respect of other refund claimants also needed clarifications. After examining the representations, the following modifications are being made to the various Trade Circulars pertaining to Fast Track Refunds:

3. The following clarifications/modifications are being made to the Trade Circular No 19T, 30T and 36T of 2008:

- a) **Refund for periods after 1-4-2009:** The fast track refund scheme has also been made applicable to periods subsequent to 1/4/09.
- b) **Net Worth:** The scheme was initially designed only for those dealers whose net worth is more than Rs. 100 Cr. and also claim of refund was more than Rs.100 cr. In order that more and more dealers should take the benefit of this scheme, the condition was relaxed and the criterion of networth was reduced to Rs. 25 Cr. It is now decided that those dealers whose net worth is more than Rs 25 Cr. and claim of refund is more than Rs. 5 cr would be eligible to take the benefit of this scheme.
- c) **First year of Registration:** As per the Trade Circular No 30T of 2008, the scheme for grant of Fast Track Refunds was also meant for the first year of registration. It is hereby clarified that the said scheme would be applicable for the first year, containing the effective date of registration. It goes without saying that in case a newly registered dealer wants to opt for the Fast Track Refund, then he should comply with the conditions specified in Trade Circular No 19T of 2008.
- d) **Certification by CA:** In para 3(ii) of the Trade Circular 30 T of 2008 it is mentioned that the newly registered dealer should submit a financial statement of latest quarter certified by the CA. In view of the fact that the books of accounts are closed at the end of the year and the refund can be claimed for a return period, this condition is now being deleted.
- e) **Net worth certification:** In case of newly registered dealer the net worth for the latest year for which accounts have been closed and adjusted may not be available. In such cases, net worth shall be calculated for each period of refund in the year of registration and shall be certified by the Chartered Accountant / Cost Accountant. The basis for calculating the net worth shall, of course, be the standard accounting practice in India.
- f) **Refund claim above 20%:** As per Trade Circular No 19T of 2008, the Fast Track Refunds scheme was applicable only in case of a dealer whose refund claim in any year did not exceed by more than 20% as compared to the refund claimed in the immediately preceding year. It is now clarified that in case the current refund claim so exceeds 20%, then such claim can be accepted after the approval of Commissioner of Sales Tax. The concerned Joint Commissioner of Sales Tax shall forward such refund

claim applications with appropriate remarks to the Commissioner of Sales Tax for his consideration.

- g) **Discharging liability:** Due date for filing the audit report in Form 704 is 31<sup>st</sup> January, however the dealer applying under the Fast Track Refund Scheme should submit Audit Report in Form 704 earlier, i.e. on or before 31<sup>st</sup> October. Along with Form 704, the dealer shall submit the list of suppliers who have not deposited due tax in respect of sales effected to claimant dealer and a list of CST declarations not received by him. The claimant dealer shall deposit such tax in respect of the above. Unless the above conditions are complied by the claimant dealer, subsequent refunds shall not be disbursed.
- h) **Refund audit of previous period:** To become eligible under this Trade Circular, at least one refund audit of the claimant dealer should have been completed in respect of at least one previous period. This condition will however be not applicable to the newly registered dealers for refund claim of first year.
- i) **Outstanding CST liability:** The dealer claiming refund for the first time under this scheme shall first declare and discharge his outstanding liability under the CST Act on account of all types of missing declarations, for all the periods starting 1<sup>st</sup> April 2005 up to end of the year, prior to the year for which refund is being claimed. In case the period for which such refund is claimed, falls in the first quarter of a year, then such liability is to be declared and discharged for all the periods up to three months prior to the period for which refund is being claimed.
- j) **Risky commodity dealers:** It is needless to add that the condition ix in para 3 of Trade Circular no 19T of 2008 dated 23-5-2008 is applicable to all applicants under this scheme.

This circular cannot be made use of for legal interpretation of provisions of law, as it is clarificatory in nature. If any member of the trade has any doubt he may refer the matter to this office for further clarification.

You are requested to bring the contents of this circular to the notice of all the members of your association.

**(Sanjay Bhatia)**

Commissioner of Sales Tax,  
Maharashtra State, Mumbai.

**No. :- ACST VAT-1/Refund and Refund Audit /**

**Mumbai, Dt : 29-08-2009**

**Trade Circular No. 24 T of 2009**

1. Copy forwarded to:
  - a. All the Addl. Commissioners of Sales Tax in the State.
  - b. All the Jt. Commissioners of Sales Tax in the State.
  - c. All the Sr. Dy. Commissioners of Sales Tax in the State.
  - d. All the Dy. Commissioners of Sales Tax in the State.
  - e. All the Asstt. Commissioners of Sales Tax in the State.
  - f. All the Sales Tax Officers in the State.
  
2. Copy forwarded with compliments for information to:
  - a. The Officer on Special Duty, Finance Department, Mantralaya, Mumbai.
  - b. The Under Secretary, Finance Department, Mantralaya, Mumbai.
  - c. The Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.
  
3. Copy to all the Desks and Desk Officers in the office of the Commissioner Sales Tax.