

**OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES,
ORISSA, CUTTACK**

No. VII (REV) 1/11 17562/CT.,

Dt. 24 / 10 /2011

CIRCULAR

Sub: - Monitoring of the tax compliance of newly registered dealers.

An analysis of the VATIS data on filing of returns by monthly dealers reveals that more than 40% of the dealers have not filed returns and around 42% of those who have filed returns have filed returns without any payment of tax. Since the newly registered dealers are required to file monthly returns, most of those newly registered dealers do not seem to be filing returns. The month wise position of non-filers and nil-return filers is given below:

| Month | Total monthly dealers | Return filers | Non-filers | % of non-filers | Nil-return filers | % of nil-return filers |
|--------|-----------------------|---------------|------------|-----------------|-------------------|------------------------|
| May | 14315 | 8346 | 5969 | 42 | 3601 | 43 |
| June | 14919 | 8966 | 5953 | 40 | 4011 | 45 |
| July | 15494 | 9598 | 5896 | 38 | 3810 | 40 |
| August | 16061 | 8980 | 7081 | 44 | 3377 | 38 |

In the Circular number 17786/CT dated 03.09.98 of this office instructions were issued to keep a close watch on activities of dealers newly registered under the Orissa Sales Tax Act for about a year or so. The Circle officers were instructed to ensure that returns were filed in time and admitted taxes were paid regularly. Defaulters should be investigated promptly by spot inspection. In case of misuse of registration, action should be initiated to cancel the registration certificate.

The same approach is required for monitoring the tax compliance of the dealers registered under Orissa VAT Act. For the purpose of keeping a close watch on their activities, newly registered dealers are required to file monthly returns. But it seen that

most of the newly registered dealers are either not filing returns or filing returns with nil payment. **If it is found that a newly registered dealer does not file return consecutively for three months, action should be initiated to cancel the registration certificates of the defaulting dealers.** In cases where the newly registered dealers are filing returns without any payment of tax, their returns should be scrutinized properly. The Asst. Commissioner of Commercial Taxes / Deputy Commissioner of Commercial Taxes in charge of the Circles shall cause enquiry into the business of such dealers for better tax compliance.

The Joint Commissioners in charge of Ranges should also monitor the tax compliance of the newly registered dealers.

Sd/-

(N.B.Dhal,IAS)

Commissioner of Commercial Taxes, Orissa,
CUTTACK

Memo No.17563/CT

dated 24.10.2011

Copy forwarded to all Zonal Addl. C.C.T.s / J.C.C.Ts of all Ranges/ D.C.C.Ts/ A.C.C.Ts of all the Circles for information and necessary action.

Sd/-

Deputy Commissioner of Commercial Taxes
(VAT)