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# E-filing of MVAT - CST Returns

CA Dharmen Shah

WIRC - ICAI

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# E-Compliance at Mvat Website

E-Compliances	Remarks
E- Registration	Registration under Mvat/ CST/ PT Act.
Returns and Annexure	M/Q/H Return filing along with Annexure and Yearly Annexure.
Vat Audit	Filing Vat Audit in Form 704 for Dealers liable to audit.
CST Declarations	Obtaining/ Cancellation of CST Declaration in form F, C, H, E-1, E-II.
Separate Ann J-1/ J-2	Separate Ann J-1/ J-2.
Border Check Post	Though not implemented; various forms like 901 - 904.
Computerized Desk Audit	New E-compliance CDA Notices & compliance.
Filing various Forms	Filing of Form 4A, 4B.
E-Payment through GRAS	New E-payment system introduced which will soon be made compulsory. (PT, Luxury tax, Sugarcane purchase tax)
F-424 by URD Dealers	TDS deducted by URD Dealers.

# E-Information available at Website

List of Information	List of Information
List of Short filers and Non filers for period 2008-09 onwards.	Assessment/ Issue based audit cases for F.Y. 06-07 to F.Y. 10-11.
List of Cases selected for Comprehensive Assessment for F.Y. 2011-12.	List of authorized bank for e-payment.
List of Cases selected for Comprehensive Assessment for F.Y. 2011-12.	Constant updates at the ticker line.
Cancelled Dealers list.	MSTT Judgments and hearing Schedule.
Allotted Return Desk Officers.	List of Suspicious Dealers.
Defaulters of Form 704 for all periods.	List of References for 704 Reporting.

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# Scheme of Mvat Act, 2002

- ❑ Sec 20(1) : Every registered dealer shall file correct, complete, self-consistent returns *in such form, by such date, for such period* and to such authority as may be prescribed.
- ❑ *Different types of returns* may be prescribed for different classes of dealers. Thus, the main thrust of Mvat Act is on self assessment.
- ❑ *Assessments can also be taken up for particular return period.*

# Types of Returns

E-Return Forms	Category of Dealer
Form 231	All Dealers other than those liable to file forms 232, 233, 234 or 235
Form 232	Full Composition Dealers (excl. Works Contract Composition)
Form 233	Works Contract, Leasing, Dealers Opting for Composition for Part of Business Activity.
Form 234	PSI dealers holding Entitlement Certificate
Form 235	Notified Oil Companies, Motor spirit Dealers covered by Notification u/s 41(4)
Form III - E	Dealers under CST Act

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# Periodicity

- **Rule 17(4)(a) :-**

- *Retailers under Composition – Half Yearly*
- *Form 4A :- To opt in and Form 4B :- To opt out of composition Scheme.*
- *Dealers to whom Explanation to clause (8) of Section 2 applies i.e. Customs Dept, Any Dept of Union or State Government, Local authorities, Port Trust, Public Charitable Trusts, Railway Administrations, etc and any other body or authority owned or constituted by or subject to administrative control of Central Government, State Government, or Local Authority.*

***Tax Liability during Previous Year :-***

*1 crore or less – Six monthly*

*1 crore or more – Monthly*

- **Rule 17(4)(b)(c)(d) :-** Periodicity to be determined for Registered Dealer based on Tax Liability and Refund entitlement during previous year :-

- *Tax Liability < Rs. 1 lakh or Refund < 10 lakh– Six Monthly*
  - *Tax Liability < Rs. 10 lakh or Refund < 1 crore – Monthly*
  - *Any other Registered Dealer – Quarterly.*
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# Periodicity

- **Rule 17(4)(e)** :- Notifn. VAT-1511/CR 84/Taxation-1 dtd 13-09-11 states With a view to promote effective compliance and compatibility with automated system; the Commissioner may apply above principles and determine and display periodicity on website which shall be final.  
*Periodicity :- Monthly, Quarterly, and Half yearly.*

- **Rule 18 :-**

- **Newly Registered Dealers :-**

- The return to be furnished by him shall be for the period from the date of event which makes him liable to pay tax to the end of the quarter in which such date occurs.

- There after Quarterly*

- **PSI Dealers :-**

- When Certificate is granted :- A return as per periodicity preceding the date of effect of certificate.

- *There after Quarterly*

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# Separate returns

- Sec 20 (2) Notwithstanding anything contained in sub-section (1), the Commissioner may, subject to such terms and conditions, as may be prescribed, permit any dealer to file separate return, —
  - (a) for all or any of the places of business of the dealer, whether or not situated within the jurisdiction of the same registering authority, or
  - (b) for different constituents of his business to such authority as he may direct.
- However Rule 19 and Form 211 for making application for separate return have been deleted w.e.f 14-03-08



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# Unregistered Dealers

- Sec 20(3) Every person or an unregistered dealer who is required to file a return under any other provision of this Act, shall file such return for such period, in such form, by such date and to such authority as may be prescribed
- Rule 18(1)(a) : If dealer fails to apply for registration in time : the first return to be furnished by him shall be for the period from the date of event which makes him liable to pay tax to the end of the quarter in which such date occurs. The last return for the URD period shall be filed from the 1st day of Qtr containing date of Registration till the day before the date of Registration.
- Thereafter the first Return for the RD period to be furnished by him shall be for the period from the date of Registration to the end of the Quarter containing the date of Registration.

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# First return

- Rule 18 :- In case of dealers who applies in prescribed time for registration:-

The first return to be furnished by him shall be for the period from the appointed day, 1st April of the year, or as the case may be, from the date of event which makes him liable to pay tax to the end of the Qtr containing the date of registration.

- He shall continue to file Quarterly Returns in respect of periods ending on or before the end of the year containing the date of effect of Registration.

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# Last Return

- Rule 18 : Where the business in which the dealer is engaged is discontinued or otherwise disposed off or has been transferred, then the last Mthly/Qly/Hly return shall be for the period beginning with the first date of the month/quarter/six month period and ending with the date of the said discontinuance, disposal, or transfer.
- The provisions contained in sub-rule (4) of [rule 17](#) regarding the time in which monthly or quarterly or six monthly returns are to be filed shall apply to such return

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# CST Returns

- As per sec. 9 of the CST Act all the provisions relating to tax, interest, penalties and offences of the general sales tax of each state shall with necessary modifications apply in relation to assessment, reassessment, collection & recovery of tax, registration, filing of returns etc under the CST Act.
- Circular 52T of 2007 grants relief of filing CST Returns where there is nil turnover of interstate sales.

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## Issues :

- M Construction Pvt. Ltd is engaged in business of selling Kapchi and also executing Building Construction Contract by taking sub contract from various dealers and opting for Composition Scheme u/s 42 @ 5%. Periodicity as per dept is Quarterly.
- E -Baniya Pvt. Ltd; a Registered dealer already under Retailer Composition Scheme for whole business opts for new Retailer composition scheme by filing Form 4A as per Circular 17T of 2014 before 30<sup>th</sup> October. T.O. exceeds Rs. 50 lacs in the month of November'14.

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## Issues :

- Remote Development Pvt. Ltd. is holding certificate of entitlement and is filing form 234. It has started to undertake Road Construction activities from September 2014. Will it make difference if it had started Trading of goods not eligible for Entitlement.
- Suppose in above case Remote Development was a Notified Oil co.

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## Issues :

- Virani and Co. is liable for Vat audit engaged in trading business of selling tiles for Q1 and Q3 of 2014-15. In Q2 2014-15, he undertook contract of supplying and fixing paver blocks.
- In the above case, If Virani & Co. has filed Return in form 233 for all 3 Quarters. Will it have any difference ? If the same is vice versa ?
- If the periodicity as determined on Website for a Composition dealer/ PSI Dealer is monthly.

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## Issues :

- Rupani Tradelinks Pvt. Ltd. is a registered dealer having main place of business in Mumbai. Periodicity for F.Y. 2014-15 is Quarterly. In October-14, the main place of business shifts to Pune. Will it make difference in filing of returns.
- Ajooba Company private limited wishes to file separate returns for its place of business located at Sangli, Pune and Dhule. Is it possible.



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# Filing of Annexure by Dealers

- List of Notifications and Circulars issued for filing Annual Annexure by Non-Audit Dealers. (w.e.f. F.Y. 2011-12)
  - Notification VAT 1511/CR 138/Taxation-1 Dt. 5th Dec 2011
  - Trade Circular 3T dated 27-02-12
  - Trade Circular 7T dated 24-04-12
  
- List of Notifications and circulars issued for filing of Ann J-1 and Ann J-2 along with periodical returns. w.e.f. F.Y. 2014-15)
  - Notification No. Vat-1514/CR-29/Taxation-1
  - Trade Circular 9T of 2014 dated 25<sup>th</sup> March 2014

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# Filing of Annual Annexure by Non-Audit Dealers

- Necessity of E-Annexures?
- Vat is a multi stage tax on value added.
- Purchaser must get set-off in respect of tax paid to seller.
- Annexure are required to be uploaded as applicable but before filing of Returns as per due date.

# Description of Annexure to be filed

Annexure	Description
Ann J-1	Customer wise Vat Sales
Ann J-2	Supplier wise Vat Purchases
Ann C	Details of TDS Certificates Received
Ann D	Details of TDS Certificates Issued
Ann G	Details of Declaration received
Ann H	Details of Declaration in Local form H not Received
Ann I	Declarations not received under CST Act, 1956

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## Filing Annual Annexure by Non-Audit Dealers.

- For M/Q/HY Return period ending 31<sup>st</sup> March
- “Eligible for 704” – No
- To upload e-return Annexures C,D,G,H,I,J-1,J-2 before uploading Return (as applicable)
  - On or before **30<sup>th</sup> June** of succeeding year
- Yearly data in the Annexures
- Periodic Data in the Returns
- Due Date for e-filing of returns is extended by 10 days if payment made before due date.
- **Above due date Not Applicable to Dealers opting for Composition u/s 42(1), (2) and (3A).**

# Filing of Annual Annexure-from 01-04-12

## -Dealers Not liable for MVAT Audit

Sr. No.	Category of Dealers Period : Along with Return ending for period 31 <sup>st</sup> March.	Requisite Annexure	Due Date	
			Submission of Annexure and Returns	Payment
1	Deemed Dealers whose Tax liability during the previous year			
	-Rs. One crore or less (Periodicity - 6 monthly)	C,D,J1,J2	30 <sup>th</sup> June	30 <sup>th</sup> April
	- Rs. One crore or more (Periodicity - Monthly)	G, H, I, J1, J2	30 <sup>th</sup> June	30 <sup>th</sup> April
2	Dealers under Composition Scheme 42(3)	G, H, I, J1, J2	30 <sup>th</sup> June	30 <sup>th</sup> April/ 21 <sup>st</sup> April

# Filing of Annual Annexure-from 01-04-12

## -Dealers Not liable for MVAT Audit

Sr. No.	Category of Dealers Period : Along with Return ending for period 31 <sup>st</sup> March.	Requisite Annexure	Due Date	
			Submission of Annexure and Returns	Payment
3	Other Dealers and Mandap Decorators.	G, H, I, J1, J2	30 <sup>th</sup> June	30 <sup>th</sup> April/ 21 <sup>st</sup> April
4	Retailers covered u/s. 42(1)	No Annexures	30 <sup>th</sup> April	M,Q:21 <sup>st</sup> April HY : 30 <sup>th</sup> April
	Baker, Restaurant, Second hand motor dealer us 42(2)		M/Q: 21 <sup>st</sup> April HY : 30 <sup>th</sup> April	
	Builders & Developers u/s. 42(3A)		HY : 30 <sup>th</sup> April	

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# Periodical Annexure w.e.f. Apr-14

- Periodic Annexure J-1 and J-2 by all dealers as per their periodicity of filing of returns.
- Non Audit Dealers in addition to periodic Ann J-1 and Ann J-2 should also file Annual consolidated J-1 and J-2 along with other applicable annexure C,D,G, H and I.
- Dealers under audit to file annual annexure as per Form 704

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# Periodical Annexure w.e.f. Apr-14

- Deemed Dealers u/s 2(8) covered by sec.61(3)
  - Tax liab.<1 crore :- Six monthly Annexure in J-1 and J-2
  - Tax liab.>1 crore :- Monthly Annexure in J-1 and J-2
  
- Works Contractors and Mandap Decorators opting Composition u/s 42(3) and 42(4)
  - Periodic Annexure J-1 and J-2
  
- Dealer under Composition
  - Retailers u/s 42(1)
  - Bakers, Restaurant, Second hand motor car dealers- 42(2)
  - Builders & Developers u/s. 42(3A)
  - *Liable to file Ann J-2 only before uploading periodical return.*



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# Periodical Annexure w.e.f. Apr-14

- Revised returns to be filed after filing Revised Annexure
- As provided in Cir. 16t of 2008 and 1T of 2009, the extension of 10 additional days for uploading of returns is applicable,( if taxes paid by due date).
- Total Taxable Sales and Purchase shown in annexure should tally with figures disclosed in corresponding return.
- Separate Ann J-1 and Ann J-2 for Dealers filing returns in multiple form.

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## Issues in filing of Annexure J-1, J-2.

- Whether Gross Sales /Purchase or Net Sales/Purchase (i.e. after goods return to be provided)
- In case a Sales made to a customer who is not having a Valid TIN, where should the sales details pertaining to such customer be reflected?
- In case sales/Purchase bill is issued/received of an amount inclusive of vat, whether that amount can be bifurcated into Net Amount and VAT amount and reflected?
- Whether details of Sale of Fixed Assets / Misc Sales also need to be entered?

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# Issues in filing of Annexure

- Issues in filing of Annexure C,D
    - Whether it is possible that Employer who has deducted your MVAT TDS wont be having TIN? If yes what to enter in column of MVAT TIN of Employer?
    - Whether it is necessary to report cases where MVAT TDS is liable for Deduction and not deducted?
  
  - Issues in filing of Annexure G, H, I
    - How Sales in Transit transactions need to be reported?
  
  - Can Revised Annual E-Annexure be possible?
    - Guidelines to utility state that Revised E-Annexure is possible for F.Y. 2011-12.
    - Additional Annexure should be filed for more transactions.
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# Issues in Self Compliance of Annexure

Period	No. of Non filer	No. of short filer	Gross Tax Payable by Short filer	Tax payable -Short filers
Apr-14 to 16.09.2014	30,729	10,836	354.71 crores	339.55 crores
2013-14	722	57811	635.24 cr	574.65 cr

## *Common Errors in E-filing :-*

- Error in data filing viz. TIN No., Net amt, Vat amt, DN, CN, Year end transactions accounting.
- Dealer has not given any data in J-1 and J-2.

# Current Issues due to non compliance

Sr. No.	Issue	Reasons	Consequence
1	Mismatch of Sellers J-1 & Buyers J-2	<ul style="list-style-type: none"><li>- Suppression of Sales or Inflation of Purchases.</li><li>-Seller declared as non-filer or short filer.</li><li>-Seller declared as suspicious dealer.</li><li>-Tin mentioned of buyer is fake TIN No./ other dealer TIN No.</li></ul>	<p>Set-off will be dis-allowed.</p> <p>In case of short filer/ non filer, set-off should be allowed to the extent tax paid by dealer. <i>(not being followed by department leading to double collection)</i></p>

# Current Issues due to non compliance

Sr. No.	Issue	Reasons	Consequence
2	Mismatch of Sellers J-1 & Buyers J-2	<ul style="list-style-type: none"><li>-Tin mentioned of Seller is cancelled on date of transaction due to change in constitution, non filing of returns, discontinuation of business.</li><li>-Retrospective cancellation of tin no.</li></ul>	Set-off will be dis-allowed.

# Current Issues due to non compliance

Sr. No.	Issue	Reasons	Consequence
3	Mismatch of Sellers J-1 & Buyers J-2	TIN mentioned of Seller in J2 is of Composition dealer (Retailer or Restaurant or Bakery or Second-hand motor vehicle dealer)	Set-off will be dis-allowed.  Dealer should ask refund from seller.
4	Mismatch of Sellers J-1 & Buyers J-2	TIN mentioned of contractor under composition @ 5%	Verify Bill is of tax invoice or Subcontracted against Form 407/8.

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# Solutions

- Referring to to Mahalaxmi Cotton... Vs St.of Mah. (11 May 2012) 51 VST 1 (Bom) & SLP # 10081 of 2013 dt 25 Feb 2013 (SC) be followed.
  - Affidavit filed for chasing sellers, proportionate grant of set-off in case of short filers, Recovery will be made once to avoid double collection, Dealer info system to grant additional set-off.
  
- Reconciliation; Filing of J1 by seller, Submit Invoices, delivery evidence, ledger Confirmation, Revision of Returns; Supplementary / Revision of J1 or J2.



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# Forth coming Issues

- Mismatch in Taxable turnover of Annexure vis-à-vis Return/  
Mismatch in annual turnover vis-à-vis sum of periodical annexures.
  
- *Effects:-*
  - Defect Notice to be served within 4 months of filing the return if the return is not complete or self-consistent.
  - The said registered dealer shall correct the defects and submit to the prescribed authority a fresh, complete and self-consistent return within one month of the service of the defect notice.
  - Provided that the registered dealer who fails to submit a complete or self consistent fresh return within the said period of one month shall be deemed not to have submitted the return within the prescribed time.

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## Revised Returns - Section 20(4) (a)

- Any person or dealer who, having furnished a return or, as the case may be, a revised return,-

(a) discovers any omission or incorrect statement therein, may furnish, a revised return in respect of the period covered by the return at any time

before a notice for assessment is served on him in respect of the period covered by the said return

or before the expiry of a period of *ten months (i.e. 31<sup>st</sup> January)* from the end of the year to which the return or, as the case may be, the revised return relates, *whichever is earlier*;

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# Revised Returns

- 20(4)(b)
  - discovers as a result of the report of audit of his accounts prepared for the purpose of section 61, any omission or incorrect statement therein,
  - may furnish a single revised return for the year as regards the period in respect of which the omission or incorrect statement is discovered, before the expiry of 30 days from the date prescribed for furnishing the said report;
- 20(4)(c)
  - agrees with the observation contained in any intimation received by him under section 63, that the return, fresh return or, as the case may be, revised return, filed by him contains any omission or incorrect statement,
  - may furnish a single revised return for that year within 30 days from the date of service on him of the said intimation

# Due date for Return and Payments

Type of Return	W.e.f 01.05. 2011	Due Dates for E-filing	Due Date for Payment of taxes
Original	One	M,Q- 21 <sup>st</sup> of subsequent month. HY - 30 <sup>th</sup> of subsequent month	Same as due date for filing
Rr 20(4)(a)	One	Expiry of 10 months from end of year.	Tax + Int u/s 30(2)
Rr 20(4)(b)	One	before the expiry of 30 days from the date prescribed for furnishing the said report.	Tax + Int u/s 30(2)
Rr 20(4)(c)	One	Within 30 days from the date of service.	Tax + Int u/s 30(2) + 30(4)

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# Due Dates for Return and Payments

- **Mode of Payment:-**
  - E-payment is Mandatory for all Dealers
  - Half Yearly dealers can make payment in designated Branches of SBI in MTR-6 Challan ([SBI letter Ref. No. GBD/SCC/974 dtd. 21-09-2011](#) )
- **Due date for Return filing**
  - **Trade Cir. 16T of 2008** – Applicable in case of Original Return
  - Additional 10 days for uploading of return provided tax payment is done by due date.
  - **Trade Cir. No. 19T of 2012 dtd. 09-11-2012**
  - If the due date falls on a State Holiday or Sunday, the immediate next working day will be the due date for payment of taxes, filing of Returns, Annexures, 501,704 etc

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# Payment of Taxes

- Following points need to be considered :-
- Payment of Tax
- Interest u/s 30(2) :-
  - Excess of Total amount payable – Amount paid up to due date of payment @ 15% per annum
  
- Interest u/s 30(4) -
  - Applicable - R/r u/s 20(4)(c) – 25% of additional of tax payable.
  - Not applicable -
    - on additional tax liability arising due to non-production of declaration.
    - Not applicable if amount of tax paid as per revised return is less than ten per cent. of the aggregate amount of tax paid as per original returns.

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# Payment of Taxes

- "tax paid as per original returns" shall be deemed to include the amount of tax paid , as per the revised returns filed before the receipt of intimation under sub section 7 of Sec 63;
  
- (ii) "tax paid" shall mean the amount of tax paid by such person or dealer, after the adjustment of set-off."
  
- Late Fees u/s 20(6) :- (w.e.f. 01.07.2014)
  - Up to 30 days from due date of filing return – Rs. 2000
  - Post 30 days from due date of filing return – Rs. 5000

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# Penalty Clauses

- Where a dealer has filed a return and such return is found to be not complete or self consistent, then the Commissioner may, after giving the dealer a reasonable opportunity of being heard, impose on him, by order in writing, a penalty of rupees one thousand .
- Where a person or dealer has collected any sum by way of tax in contravention of the provisions of section 60, --
  - (a) he shall be liable to pay a penalty not exceeding two thousand rupees , and
  - (b) in addition, any sum collected by the person or dealer in contravention of section 60 shall be forfeited to the State Government.



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# Penalty Clauses

- While or after passing any order under this Act, in respect of any person or dealer, the Commissioner, on noticing or being brought to his notice, that such person or dealer has concealed the particulars or has knowingly furnished inaccurate particulars of any transaction liable to tax or has concealed or has knowingly misclassified any transaction liable to tax or has knowingly claimed set-off in excess of what is due to him, the Commissioner may, after giving the person or dealer a reasonable opportunity of being heard, by order in writing, impose upon him, in addition to any tax due from him, a penalty "*not exceeding the amount of tax due but not less than twenty five per cent of*" *the amount of tax found due* as a result of any of the aforesaid acts of commission or omission.
- ***W.e.f. 12.06.2014***

# Refund of Excess Payments

- Trade Circular 17T of 2011 dated 25.11.2011
- Trade Circular 7T of 2013 dated 21.11.2013
- Following mistakes are covered under above clauses.

Mistakes	Approaching Authority
Payment made against wrong TIN	Dy. Comm of Sales Tax, Returns and Recovery Branch NOC from other TIN Holder.
Payment made for wrong period or wrong Act.	Return and Recovery Branch Officer Confirmation from DC,AC,STO required.
Double payment of taxes by the dealer	Jt Comm of Sales Tax(Refund) Jt Comm of Sales Tax (Adm)

# Refund of Excess Payments

Mistakes	Approaching Authority
Amt. paid by dealer but not available on Mahavikas.	Challan certified from Concerned Bank and Treasury Bank (RBI/SBI/SBH)
-E-payment remitted twice by bank. -Uploading of e-payment scroll once and remittance made to RBI twice.	Jt. Comm, Returns and Recovery Branch, Mumbai NOC from Department to Pay and accounts Officer.
E-payment remitted in excess by the bank.	Jt. Comm, Returns and Recovery Branch, Mumbai -Prior Approval of Addl. Comm. Of Sales Tax, Returns and Recovery Branch, Mumbai -NOC from Department to Pay and accounts Officer.

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## Sec. 20(6) - Late fees/ Penalty 29(8)

- Penalty u/s 29(8) – Rs. 5000  
*Applicable from 01.07.09 to 31.07.12*
  
- Late fees of Rs.5000/- (w.e.f. 01-08-2012) – Non appealable  
*Not. No. VAT/1512/C.R.65/Taxation-1 dtd. 04-07-12.*
  
- Late Fees u/s 20(6) :- (w.e.f. 01.07.2014) - Non appealable
  - Up to 30 days from due date of filing return – Rs. 2000
  - Post 30 days from due date of filing return – Rs. 5000

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## Sec. 29(8) – Circulars/ Issues

- Circular 34T of 2009 dated 02.12.2009
  - Mismatch in periodicity as displayed on website and as filed by dealer up to 31<sup>st</sup> January 2010.
  - Penalty u/s 29(8) levied.
  - Above cases will not be subjected to penalty if revised return as per website periodicity is filed by 31.01.2010.
  
- Issues in Assessment relating to return filing:-
  - A Dealer has failed to make payment of taxes and file Vat Return in time within due date. Penalty u/s 29(8) was levied.
  - However, If CST turnover is nil the same order was also passed due to absence of information. Correct levy ?

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## Sec. 20(6) - Late fees

- Proviso added to sec.20(6) w.e.f. date to be notified that the State Government , may from time to time, by notification in the Official Gazette, exempt the whole or any part of the Late Fee payable by such class or classes of dealers, for such period or periods, either prospectively or retrospectively, as may be mentioned in the notification.
- Not No. VAT 1513/CR 124/Taxation 1. dt. 01.01.2014
- Circular 8T of 2014 dated 11.03.2014
- Refer Notification Attached

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# Thank You

CA Dharmen Shah

