

Commissioner of Sales Tax,
Maharashtra State, Mumbai.

TRADE CIRCULAR

To,

No. VAT/MIA2009-10/ADM-5/B...168.....

Mumbai, dt. 18.01.2010

Trade Circular No. 3.T of 2010

Ref : Trade Circular No.- 56 T of 2007

Sub: Refund under MVAT.

Gentlemen/Sir/Madam,

We had issued the above referred Trade Circular on 23.08.07 to formulate a standard procedure for processing of the refund applications. The circular contained certain provisions in Para 9(i) to facilitate issuance of refund amount against a BG worth part of the amount claimed as refund. The said provisions of para 9(i) stand superceded by the following provisions from 01/01/2010

Bank Guarantee:-

(i) Following parameters will be applied to the dealers willing to submit the BG for early refund.

Sr No	Category of the dealer	Result of previous audit	Amount of refund	BG Expected
1	Diplomatic Authorities, Consulate Generals and International organizations	Not Applicable	100%	Nil
2	Govt. Organizations and PSU's	Audit of immediately previous period completed without resulting into discrepancies more than 5% of the claim or Rs 1 Lac whichever is less.	100%	Nil
3	All other dealers.	Not Applicable	100%	100%

Note:-

1. If dealer falls under more than one category, he should be treated in the category with higher amount of BG.
2. Discrepancy means the disallowance exceeding 5 per cent in the refund audit period or Rupees one lakh whichever is less.

(ii) It may be noted that the refund against the Bank Guarantee can be given only in those cases wherein the refund is due. The cases wherein the refund is not due, such as, the cases covered by Para 7 (iii) of the Trade Circular 56T of 2007 which says that, "In case of a dealer who holds the entitlement certificate for part of an industrial undertaking through investment in an expansion unit and whose production from the old and expansion unit is identifiable, then in such cases, the refund will be granted only in respect of purchases corresponding to the production of the expansion unit in the total production. Cases in which the investment in expansion unit does not result into identifiable (Separate) production capacity but strengthens / upgrades the existing technology, product quality or quantity, purchases entitled for refund shall be worked out in proportion to the new (PSI) investment in the total investment."

(iii) Applications filed on the basis of return not filed as per prescribed periodicity will not be eligible for refund against BG under this clause.

(iv) If after the Refund Audit no discrepancies are found, then the BG submitted by the dealer could be released or rolled-over for further period, at the option of the dealer.

(v) Once the refund application is filed in F-501 and BG is accepted, refund will be granted within three days of the acceptance of the BG or filing of the refund application whichever is later.

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.

(Sd)

(Sanjay Bhatia)

Commissioner of Sales Tax,
Maharashtra State, Mumbai.

No. VAT/MIA2009-10ACT/VD-1

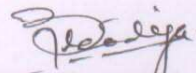
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- a) All the Addl. Commissioners of Sales Tax in the State.
- b) All the Jt. Commissioners of Sales Tax in the State.
- c) All the Sr. Dy. Commissioners of Sales Tax in the State.
- d) All the Dy. Commissioners of Sales Tax in the State.
- e) All the 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, Maharashtra State, Mumbai.


(SiSodiya N B)

Jt. Commissioner of Sales Tax,
Refund & Refund Audit, Mazgaon,
Mumbai.