

Appendices

Appendix-I

(Referred to in Paragraph 2.3.6, Page 18)

Procedure for registration, assessment and recovery of tax revenue under PVAT Act, 2005

Registration of dealers	→	Section 21 of PVAT Act, 2005 provides that no person other than a casual trader, who is liable to pay tax under this Act, shall carry on business, unless he is registered under this Act.
Security	→	Section 25 of PVAT Act, 2005 provides that every person applying for registration under this Act, shall furnish a security in the shape of cash deposits, prescribed for securing proper and timely payments of tax or any other sum, payable by him under this Act.
Filing of returns	→	Sub-Sections (1), (2) and (7) of Section 26 provides that every taxable person and registered person is required to make self -assessment, file return for a period and file an annual statement and other person i.e. other than taxable person and registered person can also be asked to file return by a notice served as per Sub-Section (6). Every person shall, pay into a Government Treasury or any bank authorised to transact Government business or at the District Excise and Taxation Office, the full amount of tax due from him as per provisions of this Act and shall furnish along with the returns.
Scrutiny of returns	→	Rule 43 of PVAT Rules, 2005 provides that the designated officer shall scrutinize every return filed by the dealer under Section 26 of the Act. If during scrutiny of return, it is found that less tax has been paid than the tax actually payable as per the return, the designated officer shall serve a notice upon the person concerned directing him to rectify the same and to pay the amount of tax less paid.
Audit of returns	→	Section 28 of PVAT Act, 2005 provides that the Commissioner or the designated officer with a view to ascertain the correctness of the returns in general and admissibility of various claims may audit or cause to be audited any of the returns filed, documents or information or statutory forms submitted by a person. Rule 44 of Punjab VAT Rules provides that the Commissioner shall select, on the basis of the parameters as may be laid down by him, a certain number of persons for audit under Section 28 of PVAT Act, 2005
Assessment of returns	→	Section 29 of PVAT Act, 2005 provides that the Commissioner on his own motion or on the basis of information received by him may, by an order in writing, direct the designated officer to make an assessment of the amount of the tax payable by any person or any class of persons to the best of his judgement and determine the tax payable by him as per provisions of the Act.
Tax Demand Notice	→	Section 29(11) of the PVAT Act, provides that when any tax, interest, penalty or any other sum is payable in consequence of any order passed, the designated officer shall serve upon the person a notice of demand in the prescribed form specifying the sum so payable.

Appendix-II

(Referred to in Paragraph 2.3.9.7, Page 29)

Excess claim of ITC

Sl. No.	Name of unit	Year	Short reversal (₹ in lakh)	Remarks
1	Bathinda	2007-08	117.63	The DO allowed carry forward ITC of ₹ 117.63 lakh in the year 2007-08, whereas no ITC was carried forward in the assessment order for the year 2006-07.
2	Jalandhar-II	2009-10	4.01	As per trading account, net sale of the dealer was ₹ 3,463.36 lakh whereas the dealer had shown it as ₹ 3,563.54 lakh and charged the ITC on the same on the pretext of credit notes of ₹ 100.18 lakh and ITC on the same amounting to ₹ 4.01 lakh i.e. 4 per cent of ₹ 100.18 lakh which resulted into excess claim of ITC of ₹ 4.01 lakh.
3	Ludhiana-I	2008-09	9.71	The DO allowed ITC on purchase of ₹ 880.76 lakh instead of eligible purchase of ₹ 765.53 lakh due to non-deduction of credit notes from purchase.
4	Ludhiana-I	2008-09	13.86	The dealer got rebate of ₹ 110.88 lakh but no ITC was reversed on this rebate amount.
5	Ludhiana-I	2009-10	7.60	The gross sales and purchases as per assessment order were ₹ 2,184.74 lakh and ₹ 1,566.79 lakh respectively, whereas as per trading account of the firm duly certified by chartered accountants were ₹ 2,158.22 lakh and ₹ 1,376.82 lakh respectively. Thus, sales in the assessment order were ₹ 26.52 lakh higher than certified trading account, whereas purchase in the assessment order was ₹ 189.96 lakh higher than the certified trading account and ITC on higher purchases had also been claimed and allowed by the Designated Officer resulting in excess claim of ITC.
6	Ludhiana-I	2011-12 2012-13	18.64	Gross purchases of the dealer were ₹ 2,889.13 lakh for 2011-12 and ₹ 2,931.66 lakh for 2012-13, whereas the purchases claimed and allowed by the DO were ₹ 3,029.90 lakh for 2011-12 and ₹ 3,129.78 lakh for 2012-13, which resulted in excess claim of ITC on excess purchase.
7	Ludhiana-I	2012-13 2013-14	29.95	The dealer had suppressed the GTO of ₹ 297.98 lakh which resulted into short levy of output tax of ₹ 18.03 lakh. Further, the dealer had claimed and the DO allowed benefit of entry tax amounting to ₹ 14.08 lakh on account of furnace oil/lubricant, DG set and electric motor but no reversal under Section 13(5) amounting to ₹ 11.92 lakh made. This resulted in excess allowance of ITC of ₹ 29.95 lakh (₹ 11.92 lakh + ₹ 18.03 lakh).
8	Ludhiana-II	2009-10	3.12	ITC on purchases of ₹ 1,416 lakh at the rate of 12.5 per cent was due as ₹ 177 lakh but the dealer had claimed ITC as ₹ 180.12 lakh resulting into excess ITC of ₹ 3.12 lakh.
9	Ludhiana-II	2009-10	15.31	As per trading account, the purchases of the dealer taxable at the rate of 12.5 per cent were ₹ 1,316.23 lakh but the dealer had claimed ITC on ₹ 1,438.69 lakh which resulted into excess claim of ITC of ₹ 15.31 lakh at the rate of 12.5 per cent on ₹ 122.46 lakh.

Sl. No.	Name of unit	Year	Short reversal (₹ in lakh)	Remarks
10	Ludhiana-III	2010-11	11.47	ITC of ₹ 10.05 lakh was brought forward from the year 2009-10 and the total excess ITC as worked out in the assessment order for the year 2010-11 was ₹ 21.57 lakh. Dealer had already claimed refund of ₹ 5.28 lakh (Voucher No. 3067 dt 26.7.11) for the year 2009-10 and ₹ 11.47 lakh (Voucher No. 3945 dt 8.8.12) for the year 2010-11. Thus, the total refund of ₹ 16.75 lakh had already been issued to the dealer before the assessment was framed, but the same was not deducted from the carried forward ITC of ₹ 21.57 lakh resulting in excess carry forward of ITC.
11	Mohali	2010-11	3.07	The dealer had claimed and the assessing authority had allowed the benefit of ₹ 3.07 lakh as tax paid during the year but no detail of such payment had been furnished by the dealer in his annual return in the absence of which it was not clear how the DO satisfied himself at the time of assessment that the tax had actually been paid as no remarks whatsoever had been given in the assessment order.
12	Mohali	2011-12	94.64	The dealer was issued refund of ₹ 94.64 lakh during 2011-12 in respect of the last quarter of the year 2010-11. However, while framing assessment for the year 2010-11 or 2011-12 the refund amount was not debited resulting in excess allowance of ITC.
13	Mohali	2012-13	47.73	Gross purchases of the dealer during the year 2011-12 were allowed for ₹ 3,775.05 lakh, whereas value of material sold was determined as ₹ 1,659.16 lakh. Thus, the minimum value of material that should have been carried forward to the year 2012-13 as opening balance worked out to ₹ 2,115.89 lakh (₹ 3,775.05 lakh – ₹ 1,659.16 lakh), whereas the amount actually carried forward was ₹ 1,326.95 lakh. Thus, output tax on the material worth of ₹ 788.95 lakh (₹ 2,115.89 lakh – ₹ 1,326.94 lakh) was not determined. The tax effect on suppressed material when calculated at nominal rate of 6.05 per cent comes out to ₹ 47.73 lakh.
14	Mohali	2009-10	4.21	The dealer had sold plant and machinery of ₹ 76.46 lakh but the same was not accounted for while calculating output tax liability of the dealer. No justification whatsoever for not taxing that sale had been given in the refund order. This resulted into short levy of tax and excess grant of refund amounting to ₹ 4.21 lakh.
15	Sangrur	2009-10	2.07	The dealer had purchases of ₹ 222.37 lakh on which ITC at the rate of 12.5 per cent had been claimed, whereas the dealer had balanced it in trading account (certified by chartered accountant) after deducting the amount of ₹ 11.78 lakh, resulting in excess claim of ITC of ₹ 1.47 lakh (at the rate of 12.5 per cent of ₹ 11.78 lakh). Further, ITC claimed by the dealer on ₹ 222.37 lakh worked out to ₹ 27.80 lakh, whereas the dealer had claimed ITC of ₹ 28.39 lakh, ₹ 0.6 lakh (₹ 28.39 lakh – ₹ 27.80 lakh) in excess of actually admissible amount. Thus, the total tax effect was ₹ 2.07 lakh (₹ 1.47 lakh + ₹ 0.6 lakh).
16	Sangrur	2009-10	338.78	The dealer carried forward ITC of ₹ 338.78 lakh on account of exempted activity without debiting it to exemption. No exemption was available at the time of carrying forward of the ITC resulting into inadmissible allowance of ITC.

Sl. No.	Name of unit	Year	Short reversal (₹ in lakh)	Remarks
17	Sangrur	2011-12	3.32	The dealer was engaged in the business of manufacture and sale of cycle and cycle parts. As per trading account certified by chartered accountant, the purchases of the dealer was ₹ 801.81 lakh (₹ 735.48 lakh + ₹ 66.33 lakh), where as the dealer had shown purchases of ₹ 862.22 lakh in the return. Thus, the dealer had taken excess purchases of ₹ 60.41 lakh (₹ 862.22 lakh – ₹ 801.81 lakh) and claimed ITC on the same. This resulted in excess claim of ITC of ₹ 3.32 lakh (₹ 60.41 lakh * 5.5 per cent).
18	Sangrur	2007-08	94.17	The dealer had brought forward ITC of ₹ 86 lakh without debiting to exemption. Further, refund of ₹ 13.97 lakh was issued. However, only an amount of ₹ 5.80 lakh was debited to exemption. This resulted in excess availing of exemption of ₹ 94.17 lakh (₹ 86.00 lakh + ₹ 13.97 lakh - ₹ 5.80 lakh).
	Total		819.29	

Appendix-III

(Referred to in Paragraph 2.3.9.15, Page 32)

Short levy of tax due to suppression of sales/purchases

Sl. No.	Name of unit	Period of assessment	Amount (₹ in lakh)	Remarks
1	Bathinda	2009-10	40.60	The dealer used goods of ₹ 1,722.88 lakh received from its principal office situated in Guwahati towards sales in transit which was not admissible. Hence, total purchase against which tax was to be levied on corresponding sale comes to ₹ 1,993.46 lakh (₹ 1,722.88 lakh + ₹ 270.58 lakh (local purchase)) whereas tax was levied on ₹ 978.47 lakh (₹ 923.87 lakh + ₹ 54.60 lakh (CST)). Thus, tax was not levied on sale of coal of ₹ 1,014.99 lakh (₹ 1,993.46 lakh - ₹ 978.47 lakh). The omission resulted into short levy of tax of ₹ 40.60 lakh.
2	Jalandhar-I	2010-11	101.24	The dealer had opening stock of ₹ 190.78 lakh, purchases was ₹ 16,775.44 lakh and closing stock as on 31.03.2011 was ₹ 353.24 lakh. Thus, the deemed sale worked out to ₹ 16,612.97 lakh but the dealer had shown its sale ₹ 15,803.07 lakh. Thus, the sale of ₹ 809.90 lakh (₹ 16,612.97 lakh - ₹ 15,803.07 lakh) was neither assessed to tax nor any reason for difference was given in the assessment order. This had resulted in short levy of output tax of ₹ 101.24 lakh (at the rate of 12.5 per cent of ₹ 809.90 lakh).
3	Jalandhar-I	2009-10	152.98	The dealer had opening stock of ₹ 560.68 lakh and purchases of ₹ 24,584.74 lakh, branch transfer of ₹ 10,879.80 lakh and closing stock as on 31 March 2010 was ₹ 747.52 lakh. Thus, the deemed sale worked out to ₹ 13,518.11 lakh but the dealer shown sale of ₹ 12,294.27 lakh only. Thus, the sale of ₹ 1,223.84 lakh (₹ 13,518.11 lakh - ₹ 12,294.27 lakh) was not assessed to tax and no reason for difference in the sale amount was given in the assessment order. This resulted in short levy of output tax of ₹ 152.98 lakh (at the rate of 12.5 per cent of ₹ 1,223.84 lakh).
4	Jalandhar-I	2008-09 2009-10	59.25	The dealer had purchases of ₹ 170.82 crore (₹ 77.16 crore + ₹ 93.66 crore); Branch transfer was ₹ 10.56 crore (₹ 6.57 crore + ₹ 3.99 crore) and closing stock was ₹ 6.57 crore on 31.03.2010. Thus, the deemed sales worked out to ₹ 153.69 crore but the sale was assessed as ₹ 148.95 crore (₹ 66.24 crore + ₹ 82.71 crore). Thus, the sale of ₹ 4.74 crore (₹ 153.69 crore - ₹ 148.95 crore) was neither assessed nor any reason for difference was given in the assessment order. This had resulted in short levy of output tax of ₹ 59.25 lakh (at the rate of 12.5 per cent of 4.74 crore)
5	Jalandhar-I	2006-07	60.81	The dealer had opening stock of ₹ 156.54 lakh; purchases was ₹ 4,791.32 lakh and closing stock of ₹ 109.46 lakh. Thus, the deemed sale worked out to ₹ 4,838.40 lakh but the dealer had shown sales of ₹ 4,351.93 lakh. Thus, the sale of ₹ 486.47 lakh (₹ 4,837.40 lakh - ₹ 4,351.93 lakh) was not assessed to tax, no reason for difference in amount was given in the assessment

Sl. No.	Name of unit	Period of assessment	Amount (₹ in lakh)	Remarks
				order. This had resulted in short levy of out put tax of ₹ 60.81 lakh (12.5 per cent of ₹ 486.46 lakh).
6	Jalandhar-I	2009-10	106.95	The dealer had opening stock of ₹ 438.65 lakh; purchases was ₹ 12,985.56 lakh, branch transfer was ₹ 735.84 lakh and closing stock as on 31.03.2010 was ₹ 675.36 lakh. Thus, the deemed sale of the dealer worked out to ₹12,013.02 lakh but the dealer was assessed to ₹ 11,157.45 lakh. Thus, the sale of ₹ 855.57 lakh (₹ 12,013.02 lakh – ₹ 11,157.45 lakh) was neither assessed to tax nor any reason for difference was given in the assessment order. This had resulted in short levy of out put tax of ₹ 106.95 lakh (at the rate of 12.5 per cent of ₹ 855.57 lakh).
7	Jalandhar-I	2007-08	36.34	The dealer had purchases of ₹ 7,655.28 lakh, on which it incurred expenditure of ₹ 2.42 lakh as freight/octroi and earned a profit of ₹ 292.61 lakh. Since, all the items were subjected to VAT when put to sale, the deemed sale of the dealer worked out to ₹ 7,899.57 lakh, but the dealer had paid tax on ₹ 7,608.88 lakh, resulting in short levy of tax of ₹ 36.33 lakh (at the rate of 12.5 per cent of ₹ 290.69 lakh).
8	Jalandhar-I	2009-10	110.95	The dealer had opening stock of ₹ 189.35 lakh; purchases was ₹ 1,4624.06 lakh and closing stock as on 31 March 2011 was ₹ 190.78 lakh. Thus, the deemed sale worked out to ₹ 14,622.63 lakh but the dealer was assessed at ₹ 13,735.05 lakh. Thus, the sale of ₹ 887.58 lakh (₹ 14,622.63 lakh – ₹ 13,735.05 lakh) was neither assessed to tax, nor any reason for difference was given in the assessment file. This had resulted in short levy of output tax of ₹ 110.95 lakh (at the rate of 12.5 per cent of ₹ 887.58 lakh).
9	Jalandhar-II	2009-10	5.32	The local sale amounting to ₹ 113.43 lakh was shown less in the assessment order/VAT 20 as compared with trading account of the firm, resulting in short levy of output tax of ₹ 4.54 lakh. Further, short reversal of ₹ 0.78 lakh was also noticed on account of branch transfer.
10	Ludhiana I	2009-10	10.03	The taxable sale of the dealer as per COVIS data and VAT-23 was ₹ 2,024.40 lakh and tax collected ₹ 80.98 lakh whereas the dealer had shown and DO accepted it as ₹ 1,773.61 lakh and output liability was assessed by the DO ₹ 70.94 lakh. This resulted into short payment of tax of ₹ 10.03 lakh.
11	Ludhiana-I	2009-10	12.14	In order to initiate assessment of 21 dealers, dealing in import of furnace oil, it was decided (August 2010) to levy tax at the rate of 4 per cent on the amount shown in transit sale for the period prior to imposition of entry tax i.e. 1 April 2005 to 18 August 2010, as it was not possible to trace the end user of the furnace oil in the State. However, while making the assessment (July 2013), the dealer was allowed a deduction of ₹ 405.48 lakh from gross turnover on account of sale in transit.
12	Ludhiana-II	2009-10	15.72	The gross sale as per trading account was ₹ 2,370.14 lakh but the dealer in his return had shown gross sale as ₹ 1,977.15 lakh and the same was allowed by the DO while

Sl. No.	Name of unit	Period of assessment	Amount (₹ in lakh)	Remarks
				assessing the case. Thus, the dealer had suppressed the sale of ₹ 392.99 lakh (₹ 2,370.14 lakh - ₹ 1,977.15 lakh) which resulted into short levy of output tax of ₹ 15.72 lakh at the rate of 4 per cent on 392.99 lakh.
13	Ludhiana-III	2011-12	5.84	The dealer had sold machinery of ₹ 106.22 lakh, but the same was not included in the total sale which resulted into suppression of sale amounting to ₹ 106.22 lakh and short levy and deposit of output tax of ₹ 5.84 lakh i.e. 5.5 per cent of ₹ 106.22 lakh.
14	Mohali	2008-09	80.42	The dealer had opening stock of ₹ 4.34 lakh; purchases was ₹ 4,175.83 lakh out of which purchase of spares and harvester parts of ₹ 3,952.93 lakh was made from out of the State. The dealer had closing stock of ₹ 997.94 lakh and sub-contractor payment of ₹ 741.43 lakh. The deemed sale of the dealer worked out to be ₹ 2,476.59 lakh but the dealer was assessed for ₹ 466.14 lakh. Thus, the sale of ₹ 2,010.45 lakh (₹ 2,476.59 lakh – ₹ 466.14 lakh) was not assessed to tax. The sale value was taken as per trading account of the dealer, whereas purchase value was higher in VAT 19, VAT 20 than the amount shown in the trading account. No reason whatsoever regarding this huge difference was given in the assessment order. This omission had tax implication of ₹ 80.42 lakh (4 per cent of ₹ 2,010.45 lakh).
15	Mohali	2009-10 2010-11	11.14	The dealer showed in his annual return (VAT 20), an interstate purchase of ₹ 115.63 lakh. However, in the trading account, no interstate purchase was shown, which resulted into suppression of purchase of ₹ 115.63 lakh. If this purchase had been accounted for in the trading account, the closing balance during 2009-10 would have been ₹ 159.09 lakh instead of ₹ 43.46 lakh actually shown in the trading account. Opening balance in the trading account for the year 2010-11 was taken as ₹ 78.05 lakh in place of actual opening balance of ₹ 159.09 lakh. This resulted into short account of purchase of ₹ 81.04 lakh (₹ 159.09 lakh – ₹ 78.05 lakh). The omission resulted into short levy of output tax of ₹ 11.14 lakh (13.75 per cent of ₹ 81.04 lakh)
16	Mohali	2009-10	6.39	The gross sale as per trading account and VAT 20 was ₹ 694.91 lakh. However, Assessing Authority while assessing the case had taken Gross Turn Over (GTO) as ₹ 631.97 lakh. This had resulted in understatement of GTO for ₹ 62.94 lakh and short levy of output tax of ₹ 6.39 lakh.
17	Mohali	2009-10	10.48	As per ICC data, ISS of the dealer was ₹ 155.06 lakh during 2009-10 and ₹ 77.75 lakh during 2010-11. However, the dealer as well as DO neither accounted for the same in GTO nor levied tax, resulting in non -levy of tax on suppressed ISS.
18	Mohali	2006-07 2007-08 2008-09	36.24	Dealer had inward transfer of material for value of ₹ 5,418.02 lakh and sale and outward transfer was ₹ 4,512.07 lakh. The dealer had neither carried forward closing stock, nor brought forward opening stock during the years. It

Sl. No.	Name of unit	Period of assessment	Amount (₹ in lakh)	Remarks
				clearly shows that the dealer suppressed sale of ₹ 905.95 lakh (₹ 5,418.02 lakh – ₹ 4,512.07 lakh), resulting in short payment of output tax amounting to ₹ 36.24 lakh.
19	Mohali	2009-10	138.24	Dealer had opening stock of ₹ 410.76 lakh; purchases was ₹ 6,622.08 lakh and closing stock was ₹ 246.79 lakh. Thus, the deemed sale of the dealer worked out to ₹ 6,786.05 lakh but the dealer was assessed to ₹ 5,680.10 lakh. Thus, the sale of ₹ 1,105.95 lakh (₹ 6,786.05 lakh – ₹ 5,680.10 lakh) was not assessed to tax. This resulted in short levy of output tax of ₹ 138.24 lakh (at the rate of 12.5 per cent of ₹ 1,105.95 lakh).
20	Mohali	2009-10	17.88	The dealer had opening stock of ₹ 381.33 lakh; stock received was ₹ 7,730.18 lakh (against F/C-form). The dealer had reduced closing stock by ₹ 446.89 lakh without paying any tax on it which resulted in short levy of output tax of ₹ 17.80 lakh (at the rate of 4 per cent of ₹ 446.89 lakh).
21	Mohali	2010-11	2.73	The gross sale of the dealer was ₹ 373.83 lakh; branch transfer was ₹ 226.44 lakh. Thus, total sale was ₹ 600.27 lakh. The opening balance of the dealer was ₹ 43.23 lakh, branch transfer inward was ₹ 643.51 lakh, breakage was ₹ 7.61 lakh and closing balance was ₹ 29.21 lakh. Thus, cost of material used towards sale comes out to be ₹ 649.92 lakh. Thus, total sale value of goods was less than cost of goods involved by ₹ 49.65 lakh. Dealer had adjusted ₹ 49.65 lakh as extra bonus for sale promotion against the gross inward stock transfer, but did not pay any tax on this amount. The omission had tax implication of ₹ 2.73 lakh (5.5 per cent of ₹ 49.65 lakh).
	Total		1,021.69	