

# APPENDIX



## Appendix-2.1

(Reference Paragraph No. 2.3.1; Page 14)

### Main provisions for System of assessments under Jammu and Kashmir Value Added Tax Act and Rules

<b>Registration of dealers</b>	Section 27 of J&K VAT Act, 2005 provide that no dealer shall while being liable to pay tax under this Act, carry on business as a dealer unless he has been registered and possesses a certificate of registration.
<b>Furnishing of security</b>	Section 29 of J&K VAT Act, 2005 read with Rule 27 of J&K VAT Rules, 2005 provide for obtaining security or additional security (after the dealer has been registered) equivalent to 2 per cent of the estimated annual taxable turnover of the dealer or 0.5 per cent of the actual annual taxable turnover returned by the dealer in the shape of cash deposits, Fixed Deposit Receipt, etc.
<b>Periodical returns and payment of tax</b>	Section 31 of J&K VAT Act, 2005 read with Rule 28 of J&K VAT Rules, 2005 requires a registered dealer to furnish quarterly return of his turnover accompanied by proof of full payment of any tax due to the Jurisdictional Assessing Authority within one month from the expiry of each tax period.
<b>Scrutiny of returns filed by the dealers</b>	Section 35 of the J&K VAT Act, 2005 provide that each and every return furnished by a registered dealer shall be scrutinized by the Assessing Authority within a period of three months of filing of such return to verify the correctness of calculation, application of correct rate of tax and interest and input tax credit claimed therein; and full payment of tax and interest payable by the dealer during such period.
<b>Notification for rate of tax.</b>	Section 16 of J&K VAT Act, 2005 envisages that there shall be levied on the taxable turnover of a dealer registered under the Act, a tax at such rates as the Government may, by notification in the Government Gazette, specify from time to time.
<b>Audit assessment / detailed scrutiny</b>	Section 39 of J&K VAT Act, 2005 read with Rule 34 of J&K VAT Rules, 2005 provide for Audit assessment of such cases where a registered dealer has failed to furnish any return or the Assessing Authority is not satisfied with the correctness of any return filed or the Commissioner has reason to believe that detailed scrutiny of the case is necessary and also on the basis of prescribed categories of cases. Rule 35 of J&K VAT Rules, 2005 provides for issue of notice in the prescribed form to the dealer selected for audit assessment.

<b>Deemed assessment of cases</b>	Section 41 of J&K VAT Act, 2005 provide that no assessment shall be made after the expiry of three years from the end of the tax period to which the assessment relates and every return filed shall be deemed to have been accepted if not taken up for scrutiny within three years from the due date prescribed for its filing.
<b>Tax demand notice and payment</b>	Section 44 of J&K VAT Act, 2005 read with Rule 39 of J&K VAT Rules, 2005 provide that notice of demand shall be in prescribed form and accompanied by the challan duly filled in and signed by the Assessing Authority.
<b>Assessment and imposition of penalty</b>	Section 69 of J&K VAT Act, 2005 prescribes the procedure relating to assessment and imposition of penalty provided that no order of penalty shall be passed after the expiry of two years from the close of the financial year in which such penalty proceedings were initiated. Further before passing an order the authority concerned shall give the person in default an opportunity of being heard.