

**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI**  
**DEPARTMENT OF TRADE AND TAXES**  
**(POLICY BRANCH)**  
**VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI – 110 002**

No.F.6(58)/Policy-I/VAT/2008/237

Dated 07/08/2008

**CIRCULAR NO. 2 OF 2008-09**

**Sub. : Guidelines for processing of refund applications**

This is in supersession of Circular No. 1043-46 dated 16.05.2007, which was issued in regard to processing of refund cases in KDU Branch. These guidelines are indicative and are not exhaustive. Each VATO / AVATO shall ensure that only genuine refund claim as per the provision of DVAT Act, 2004 / Rules, 2005 is allowed. At the same time, it may also be ensured that there is no undue harassment to the dealers who are genuinely claiming refund(s).

2. The Section 38, 39, 41 of Delhi Value Added Tax (DVAT) Act, 2004 and Rules 34 & 35 of DVAT Rules, 2005 deal with release of refund claimed by dealers filed in different Forms, namely; DVAT 16, DVAT 16A, and DVAT 17 as prescribed under the DVAT Act/Rules.

3. The DVAT Act, 2004, provides that the refund application/claim must be disposed of within one month in case of monthly dealers and within two months for other dealers unless proceeding u/s 58 and 59 of the said Act have been initiated.

4. In order to streamline the procedure and to bring uniformity in dealing with such applications, the following guidelines are issued.

- i) The Revised Return, in which refund claim is lesser may only be allowed after proper scrutiny as laid down in Section 28(1) of DVAT Act, 2004.
- ii) Separate return folders may be prepared for each Assessment Year. All Original Returns, Revised Returns, Statutory Forms and Balance Sheet shall be kept in the folder.
- iii) Confirmation regarding actual payment of tax by the selling dealer in respect of whom input tax credit is being claimed, should be done from the Scroll. The provisions of Section 9 of DVAT Act, 2004 may be kept in mind while examining the refund application.
- iv) The receipt of credit notes may be examined very carefully and it should be ensured that ITC is reduced proportionately resulting in corresponding reduction of refund claim. Similar treatment may be given to cash discount, quantity discount etc. The variation in purchase / sale turnover shown in balance sheet with that shown in periodical returns must be followed by corresponding variation in tax credit / output tax as the case may be. Provisions of Section 2(1)(zd), Sections 10 and 51 of DVAT Act, 2004 and Rule 45 of DVAT Rules, 2005 may be kept in mind while examining the refund application.
- v) As per the provisions of Section 28(2) of DVAT Act, 2004, the dealer may be advised to file an objection in the case in which the refund amount claimed in the Revised Return is higher than the amount claimed in the Original Return.
- vi) The Statutory forms received along with Form DVAT-51 may be checked with corresponding return(s) keeping in view the dates prescribed for submission of Statutory Forms. In case date(s) of filing such forms have

already expired, the demand may be created in case of shortfall as per provisions of Rule 4 of CST (Delhi) Rules, 2005. The Statutory forms may be verified through TINXSYS system wherever possible.

- vii) Export transactions may be verified invariably by examining bill of lading / airway bill / purchase orders from foreign buyer / custom clearance certificate / bank realization certificate (BRC) in addition to DVAT 30/31.
  - viii) Findings of Audit / Enforcement Wing may also be kept in view while processing refund for a tax period.
  - ix) Branch transfer/consignment transfer may be verified by checking the name of branch entered in the registration certificate of the dealer. Likewise, consignment transfer may be verified by agreement to appoint as agent/distributor/consignee. Payment may be verified through bank statement whereas movement of goods can be verified through GRs/RRs etc. Reduction in ITC by prescribed percentage may be checked before processing. Rule 9 of CST (Delhi) Rules, 2005 and Section 9(6) of DVAT Act, 2004 may be kept in mind while processing the applications.
  - x) A format for processing of refund application is also attached herewith with the direction to process the refund application in the same so that uniformity can be maintained.
  - xi) TDS certificates issued by contractees may be checked very carefully. Payments made by contractees may be checked through tax scroll.
5. This issues with the prior approval of Commissioner, Value Added Tax.

**(Rajender Kumar)**  
Value Added Tax Officer (Policy)

No.F.6(58)/Policy-I/VAT/2008/237-244

Dated 07/08/2008

Copy for information and necessary action to:-

1. P.S. to Commissioner, Value Added Tax, Department of Trade and Taxes, New Delhi.
2. All Additional Commissioners, Department of Trade and Tax, New Delhi.
3. All Joint / Deputy Commissioners, Department of Trade and Tax, New Delhi.
4. All VATOs/AVATOs of all Wards of Operations, VAT Audit/Internal Audit/Front Office/CRC Cell/PR branch/TPS/Legal Service Cell/CFC.
5. Manager (EDP), Department of Trade and Tax, New Delhi.
6. Assistant Director (R&S), R&S Branch, Department of Trade and Tax, New Delhi.
7. President, Value Added Tax/Sales Tax Bar Association, New Delhi.
8. Guard File.

**(Rajender Kumar)**  
Value Added Tax Officer (Policy)

**OFFICE OF THE VALUE ADDED TAX OFFICER: WARD NO. \_\_\_\_\_**  
**DEPARTMENT OF TRADE AND TAXES**  
**GOVERNMENT OF NCT OF DELHI**  
**VYAPAR BHAWAN, I.P. ESTATE**  
**NEW DELHI - 110 002**

- (1) May kindly see the monthly/quarterly/half-yearly/annually return (Form DVAT-16, DVAT-16A, DVAT-17) for the Tax period from ..... to ..... placed opposite in the file, received from M/s ..... having Tin ..... filed on .....
- (2) This return is filed by the dealer in time/late by.....days, for which dealer is to pay Penalty of Rs. .... as per section 86(9) of DVAT Act, 2004/ section 9(2) of CST Act, 1956. Tax has been deposited late by \_\_\_\_\_ days for which the dealer has to pay penalty of Rs. .... as per section 86(12) read with section 87 of the DVAT Act, 2004/section 9(2) of the CST Act, 1956.
- (3) Dealer is engaged in the business of Manufacturing / Trading of .....
- (4) That the dealer has not filed surety / filed surety of Rs. .... under DVAT Act, and Rs. .... under Central Sales Tax Act, in the form of surety Bond given by another registered dealer/bank guarantee valid up to The main contents of the return are as follows:-

**Turnover details:**

Local Turnover (A) Rs.....

Central Turnover: 1. Export Rs.....

2. Exempted Rs.....

3. Taxable Rs.....

(B) Rs.....

**Gross Turnover (A+B): Rs.....**

- (5) Major 5 or more purchasing dealers namely (As per DVAT 31)

	TIN	Name	Turnover	Tax
1.	.....	.....	.....	.....
2.	.....	.....	.....	.....
3.	.....	.....	.....	.....
4.	.....	.....	.....	.....
5.	.....	.....	.....	.....

and major selling dealers (constituting about 90% of the purchases) (As per DVAT 30)

	Ward	TIN	Name	ITC	Tax paid as per scroll
i.	.....	.....	.....	.....	.....
ii.	.....	.....	.....	.....	.....

- iii. ....
- iv. ....
- v. ....

The DVAT 30 and 31 have been checked and it has been found that they have been filing the returns regularly as well as depositing the VAT and their profiles are attached.

The refund in question has resulted on account of following reasons, keeping in view the previous returns.

1. ....Export Sale.
2. ....Central Sale.
3. ....Excess Local Purchase as compared to Sale.
4. ....
5. ....

In view of the above, it is submitted that there is No dues/dues of Rs. .... under Local/Central Act for the year..... pending against the dealer and nothing found adverse as per available record in the ward.

(6) **Reconciliation of DVAT-51** (For which date has already expired)-

S. No.	A.Y.	Type of Form	Tax period	Amount of RD Sale	Value of Statutory form filed	Short fall if any

**Computation of output Tax :**

**(LOCAL)**

	Turnover (Rs.)	Output tax (Rs.)
Goods taxable at 1%	Rs. ....	Rs. ....
Goods taxable at 4%	Rs. ....	Rs. ....
Goods taxable at 12.5%	Rs. ....	Rs. ....
Goods taxable at 20%	Rs. ....	Rs. ....
Works contract taxable at 4%	Rs. ....	Rs. ....
Works contract taxable at 12.5%	Rs. ....	Rs. ....
Exempted sales	Rs. ....	Rs. ....
Output tax before adjustment		Rs. ....
Adjustment to output tax		Rs. ....

**(i) Total Output Tax**

**Rs. ....**

**Computation of input Tax :**

	<b>Turnover (Rs.)</b>	<b>Input tax (Rs.)</b>
Capital Goods	Rs. ....	Rs. ....
Other Goods	Rs. ....	Rs. ....
Tax credit before adjustment		Rs. ....
Adjustment to tax credit		Rs. ....
(ii) Total Tax Credit		Rs. ....
(iii) Tax payable/Refundable [ii-i]		Rs. ....
(iv) Adjustment against liability under CST		Rs. ....
(v) Refund Claimed [iii-iv]		Rs. ....
(vi) Tax if Payable		Rs. ....
(vii) Interest if Payable		Rs. ....
(viii) Penalty if Payable		Rs. ....
(ix) TDS if deducted at source		Rs. ....
(x) Total Amount Refundable [v-vi-vii-viii+ix]		Rs. ....

(7) **Status of return**

All returns since \_\_\_\_\_ as prescribed have been filed by the dealer. None is late/are late for which penalty u/s 86(9) and u/s 86(12) read with section 87 has been imposed and penalty has been deposited by the dealer.

(8) **Status of return is as under**

In view of the above facts, we may ask the dealer to file surety of Rs. .... under DVAT Act before release of refund of Rs. .... (Rupees.....) to the dealer.

In view of the above facts, if approved we may release refund of Rs. .... (Rupees.....) for the tax period from..... to ..... to the dealer and prepare Form DVAT-22 accordingly.

VATO/AVATO/Ward-