

Government of Goa,
Office of the Commissioner of
Commercial Taxes,
M.G. Road,
Panaji
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VAT Circular No. 16 of 2005-06

Sub: Verification of Genuineness of Transactions

The Department has been receiving thousand of statutory forms at the time of assessment proceedings. It has been observed that in many cases deductions have been allowed by the assessing authorities on production of central statutory declaration forms produced during the course of assessment proceedings without any verification of forms and the genuineness of transaction involved in such forms.

The assessing authorities must keep in mind that mere production of statutory forms does not establish the genuineness of the transactions, and in the present scenario when even the genuineness of forms cannot be taken for granted, it is better to use corroborative evidences to first of all ascertain the genuineness of the transactions which can be done through the meticulous scrutiny of books of accounts, the details contained in the returns filed by the dealer, orders/indents placed by the purchasing dealer, invoices, delivery challans. gate passes, cheques etc, drawn by the purchasing dealer, contract agreement between the selling dealer and purchasing dealer, communication between the two , Ledger entries and corresponding transport and other documents. Sometimes these documents need to be verified and cross checked to establish their genuineness. In certain cases the date on which a stamp paper has been bought can also highlight discrepancies if sales are not genuine especially in case of consignment sale or where agreements are essential for transacting business. Proof of payments such as bank

statements, certificate of remittance, evidence of transfer from purchaser account to seller account as well its entries in the ledger are important documents for verification. In case of export/import, bills/invoices, bill of entry, bill of lading, shipping documents

and the terms of agreements between the two parties, Bank certificate relating to realization of consideration foreign currency etc. are also relevant.

The dealer claiming deduction on account of production of statutory forms is under an obligation to establish that the subject sales were in fact made only to the said purchasing dealer who are said to have issued the statutory forms. Once the dealer succeeds in establishing that the sales have been made to the said purchasing dealers and thereby proves the genuineness of the transaction with the help of above mentioned documents, the examination of declaration on forms starts. Since the assessment for the year 2004-05 has already started the assessing authorities are advised to satisfy themselves about the genuineness of transaction first before allowing any claim of deduction on account of production of statutory forms. In case of large value transactions claimed to have been made on the basis of central declaration forms such as "H", "C", "F" etc., the genuineness of the forms must be got verified from the concerned issuing authorities of the states/UT's.

(Amit Yadav)

Commissioner of
Commercial Taxes