

**BILLS INTRODUCED IN THE LEGISLATIVE ASSEMBLY OF THE
STATE OF TAMIL NADU**

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the State of Tamil Nadu on 28th September, 2015 is published together with Statement of Objects and Reasons for general information:—

L.A. Bill No. 8 of 2015

A Bill further to amend the Tamil Nadu Value Added Tax Act, 2006.

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Sixty-sixth Year of the Republic of India as follows:—

Short title and commencement.

1. (1) This Act may be called the Tamil Nadu Value Added Tax (Second Amendment) Act, 2015.

(2) It shall come into force on such date as the State Government may, by notification, appoint.

Amendment of section 2.

2. In section 2 of the Tamil Nadu Value Added Tax Act, 2006 (hereinafter referred to as the principal Act),—

Tamil Nadu Act
32 of 2006.

(1) after clause (12), the following clause shall be inserted, namely:—

“(12-A) “clearing and forwarding agent” means any person who is engaged in providing any service, either directly or indirectly, connected with the clearing and forwarding of goods in any manner to any other person;”;

(2) for clause (24), the following clause shall be substituted, namely:—

“(24) “input tax” means the tax paid under this Act in the manner prescribed by a registered dealer to another registered dealer on the purchase of goods including capital goods in the course of his business;”;

(3) after clause (35), the following clause shall be inserted, namely:—

“(35-A) “tax deductor identification number” means the number obtained under section 13-A;”.

Amendment of section 3.

3. In section 3 of the principal Act, in sub-section (4), in clause (a), for the expression “sales of goods purchased within the State”, the expression “sales of goods purchased from the registered dealers within the State” shall be substituted.

Amendment of section 6.

4. In section 6 of the principal Act, in sub-section (1), for the expression “every dealer, other than the dealer who purchases goods from outside the State”, the expression “every dealer, other than the dealer who purchases or receives goods from outside the State” shall be substituted.

Omission of section 11.

5. Section 11 of the principal Act shall be omitted.

Insertion of new section 13-A.

6. After section 13 of the principal Act, the following section shall be inserted, namely:—

“13-A. *Tax deductor identification number.*— Any person liable to make deduction of tax under section 13 shall apply to such authority in such manner as may be prescribed and shall obtain a tax deductor identification number.”.

7. In section 18 of the principal Act,—Amendment of
section 18.

(1) in sub-section (1), in item (ii), after the expression “Special Economic Zone in the State,”, the expression “for the purpose of use in manufacture, trading, production, processing, assembling, packaging or for use as packing material or packing accessories,” shall be inserted;

(2) in sub-section (2), for the expression “input tax paid or payable”, the expression “input tax paid” shall be substituted.

8. In section 19 of the principal Act,—Amendment of
section 19.

(1) in sub-section (1),—

(a) for the expression “tax paid or payable”, the expression “tax paid” shall be substituted;

(b) for the proviso, the following provisos shall be substituted, namely:—

“Provided that the registered dealer, who claims input tax credit, shall establish that the tax due on purchase of goods has actually been paid in the manner prescribed by the registered dealer who sold such goods and that the goods have actually been delivered:

Provided further that the tax deferred under section 32 shall be deemed to have been paid under this Act for the purpose of this sub-section.”;

(2) in sub-section (4), for the expression “tax paid or payable”, the expression “tax paid” shall be substituted;

(3) in sub-section (5), in clause (b), for the expression “tax paid or payable”, the expression “tax paid” shall be substituted;

(4) in sub-section (9), for the expression “tax paid or payable”, the expression “tax paid” shall be substituted.

9. In Section 22 of the principal Act, after sub-section (3), the following sub-section shall be inserted, namely:—

Amendment of
section 22.

“(3-A) Notwithstanding anything contained in sub-section (2), the casual traders and the dealers in respect of whom the relevant assessment year is the first or the last year of business, shall be assessed on the basis of the scrutiny of the returns with reference to the books of accounts, registers, records and any other document and on such enquiry as the assessing authority may consider necessary.”.

10. In Section 24 of the principal Act, in sub-section (1), for the expression “five years”, the expression “six years” shall be substituted.

Amendment of
section 24.

11. In Section 27 of the principal Act, for sub-section (4), the following sub-section shall be substituted, namely:—

Amendment of
section 27.

“(4) In addition to the tax determined under sub-section (2), the assessing authority shall direct the dealer to pay as penalty a sum which shall be three hundred per cent of the tax due in respect of such claim:

Provided that no penalty shall be levied without giving the dealer a reasonable opportunity of showing cause against such imposition.”.

Amendment of
section 39.

12. In section 39 of the principal Act,—

(1) in sub-section (1),—

(i) for the expression “five hundred rupees”, the expression “one thousand rupees” shall be substituted;

(ii) for the expression “fifty rupees”, the expression “one thousand rupees” shall be substituted;

(2) sub-section (11) shall be omitted;

(3) in sub-section (12), the expression “or a duplicate,” shall be omitted;

(4) in sub-section (15), for the expression “No application for registration or for a copy or duplicate of the certificate under this section”, the expression “No application for registration of dealer under this section” shall be substituted.

Amendment of
section 64.

13. In Section 64 of the principal Act, in sub-section (2), in clause (b), for the expression “five years”, the expression “six years” shall be substituted.

Insertion of new
section 67-A.

14. After Section 67 of the principal Act, the following section shall be inserted, namely:—

“67-A. *Production of Advance Inward Way Bill.*— The driver or any other person in charge of the goods vehicle entering into the State from a place outside the State to a destination within the State, carrying any of the goods as may be notified by the Government, from time to time, shall, on demand, produce at the checkpost on its route or before such authority as may be prescribed in this regard, advance inward way bill in such form and in such manner as may be prescribed.”.

Amendment of
section 70.

15. In Section 70 of the principal Act, in sub-section (2), for the expression “seller or consignor or transferor”, wherever it occurs, the expression “seller or consignor or transferor or clearing and forwarding agent” shall be substituted.

Amendment of
section 71.

16. In Section 71 of the principal Act, in sub-section (9), for the expression “any dealer to claim exemption”, the expression “any dealer to claim input tax credit, exemption” shall be substituted.

Insertion of new
section 79-A.

17. After Section 79 of the principal Act, the following section shall be inserted, namely:—

“79-A. *Automation.*— (1) The Government may, by notification, provide that the provisions contained in the Information Technology Act, 2000 (Central Act 21 of 2000) and the rules made and directions given under the said Act, including the provisions relating to digital signatures, electronic governance, attribution, acknowledgement and dispatch of electronic records, secure electronic records and secure digital signatures and digital signature certificates as are specified in the said notification, shall, insofar as they may, as far as feasible, apply to the procedures under this Act.

(2) Where any notice or communication is prepared on any automated data processing system and is properly served on any dealer or person, such notice or communication shall not be required to be personally signed by any officer or person and shall not be deemed to be invalid only on the ground that it is not personally signed by any such officer.”.

Amendment of
section 84.

18. In Section 84 of the principal Act, in sub-section (1), for the expression “five years”, the expression “six years” shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The Government have embarked upon the next phase of e-Governance in the Commercial Taxes Department focusing on process re-engineering, citizen centricity and control on tax evasion with the help of technology. For the said purpose, it is proposed to implement end to end Total Solution Project by rolling out the completely automated process modules for registration, returns, payments, assessments, statutory forms and checkpoints in the first phase and the remaining modules in the second phase.

2. In order to facilitate hassle-free and smooth implementation of the Total Solution Project, the Government have decided to amend certain provisions of the Tamil Nadu Value Added Tax Act, 2006 (Tamil Nadu Act 32 of 2006) to provide for—

- (a) the adoption of the provisions contained in the Information Technology Act, 2000 (Central Act 21 of 2000) and the rules made and the directions given thereunder, insofar as they may, apply to the procedures under the said Tamil Nadu Act 32 of 2006;
- (b) electronic administration of all the business processes specified under the machinery provisions of the said Tamil Nadu Act 32 of 2006;
- (c) assigning Tax Deductor Identification Number (TDIN) to every person liable to deduct tax at source on payment for execution of works contract with the intention towards automatic transfer of the tax so deducted from the works contractors to their respective assessment circles on remittance;
- (d) allowing input tax credit only to the extent of the tax paid to the exchequer by a registered dealer to another registered dealer on the purchase of goods including capital goods in the course of his business, only when such tax has actually been paid by the registered dealer who sold such goods, so as to curb undue claims towards input tax credit resulting in tax evasion;
- (e) delineating the sales of goods that are eligible for zero-rating while effecting such sales to the Units located in the Special Economic Zones;
- (f) submission of advance inward way bill in respect of certain goods dispatched from outside the State to a destination inside the State, which are considered to be sensitive goods and are notified by the Government from time to time; and
- (g) omission of section 11 of the said Tamil Nadu Act 32 of 2006 consequent to removal of purchase tax on sugarcane.

3. The Bill seeks to give effect to the above decision.

M.C. SAMPATH
*Minister for Commercial Taxes
and Registration.*

A.M.P. JAMALUDEEN,
Secretary.