

Commissionerate of CT and GST, Odisha (At Cuttack)

(Finance Department, Government of Odisha)

No. 7107 /CT

Dated 28/5 /2019

To,

111-20/3/2015-Policy

Heads of all CT & GST Territorial Ranges

Heads of all CT & GST Territorial Circles & AUs

CIRCULAR

Subject: Refund of Security deposit under the OST/VAT/CST Acts.

Madam/Sir,

It has come to the notice of the undersigned that dealers are needlessly approaching this office for refund of their security deposit made under the OST/VAT/CST Acts at the stage of grant of registration. Ideally, such petty issues should be resolved at the level of the Registering Authority.

The GST law does not provide for taking any security for grant of registration. On migration to GST, there will not be any fresh VAT, CST or OST liability. As such the purpose for which security was taken at the time of registration under the OST, CST or VAT law has practically ceased to exist. It is, therefore, time to review the security taken from the dealers at the time of grant of registration under the OST Act (now repealed), CST Act and the OVAT Act (now partially repealed) and to forfeit the same, either wholly or partly against outstanding arrear, if any. In cases where there is no arrear of tax, penalty or interest outstanding on the dealer or where such outstanding amount is less than the amount of security available with the registering authority, such amount or the excess amount, as the case may be, should be refunded to the dealer who has furnished such security.

Of course, Section 27 (5) of the OVAT Act and Rule 26 of the OVAT Rules mandates refund of security on application only in Form VAT- 105. There is no explicit provision for refund of security in the OST Rules. In spite of that there is no logic not to refund the security furnished by a dealer at the time of registration if there is no arrear of tax, interest and/or penalty under the OST Act or OVAT Act or CST Act.

It is, therefore, impressed upon all concerned to review the securities taken for grant of registration proactively and to forfeit the same against arrear of tax, interest and/or penalty outstanding, if any. Where there is no arrear dues outstanding on a dealer, the security furnished by him should be refunded forthwith by keeping proper acknowledgement of receipt.

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(Bishnupada Sethi, I.A.S.) 27/7/19
Commissioner of State Tax
Odisha, Cuttack