

To,  
The Commissioner,  
Commercial Tax , U.P.  
Vibhuti Khand,  
Gomti Nagar, Lucknow

**Subject: Circular Computer No. 0809045 , Mu-Janch Chowki /08-09/740/Vaniya Kar  
Check Post Section dated 23/07/08 regarding Endorsement &  
submission of form 38/39.**

Sir,

IIA has the reference of above cited circular through which the arrangement of submission/endorsement of form 38/39 at the Check-Posts has been abolished and only work of Issuing/Terminating Transit-passes will be done.

Under the scheme 37 Check-Posts will remain functional and 46 will be closed. In pursuance of the Govt order the scheme has been brought to effect from 01/08/08. In future functional Check-Posts will do the work of Issue & discharge of Transit passes & realization of composition money only. Vehicles wishing to ferry on transit passes will have to choose their route through 37 identified Check-Posts only. If any Registered Dealer is importing goods through form 38 and is intercepted by Mobile Squad en-route will be signed/stamped by the officer & its details noted down in a Register & will send the informations to respective Sectors within a week. However the Govt. Deptt with all its affiliates & units will submit the original copy of form 38 alongwith their return of the tax period & the Registered dealer will submit the same copy in the Deptt within 24 hours of the delivery of the goods.

During our delegations meeting/discussion on 08/08.08 with Principal Secretary Commercial Tax an inkling of the apprehension that the measure is tightened to plug-up the leakage of Revenue & misuse/Re-use of form-38.

IIA convened a meeting of its "VAT Cell" to discuss the Issue in the light of the above observations & with a consensus agreed on the point that Govts handle in curbing evasion should be strengthened. However at the same time the dealers should be relieved from the hassel of submitting form 38 within 24 hours. Therefore IIA submitting the following for your kind consideration:-

- (i) Misuse/Re-use of form 38/39 cannot be effectively controlled by discriminating the Regd Dealer with Govt. Offices etc, nor by providing the submission of form 38/39 within 24 hours of taking the Delivery of goods as the Govt has no knowledge of the date. The possibility of Re-use through this provision will not be regulated instead. The Deptt may think squarely on strengthening the enforcement & put a heavy hand on evaders by either posting stationery squads at the Check-Posts, reconsider the abolition/closure of Check-Posts, ensure that Mobile/Stationery Squad essentially intercepts the consignments & get hold of the original copy of form-38. Making a discriminatory provision will demoralize the Tax payer & give him an optional tool in the form of original copy of form-38 in the hand of the person who may misuse or Re-use it.

Therefore IIA suggests strengthening the Enforcement Cell, Mobile Squad, Stationery Squad or Check-Post whichever option suits the working of the Govt and withdraw the compulsion of submitting form 38 within 24 hours by the dealers.

Thanking you,

Yours truly,

Anil Gupta  
Sr. Vice President