

No. C1-7235/07/CT.

Office of the Commissioner  
Commercial Taxes,  
Thiruvananthapuram,  
Dated: 19-2-2007.

**CIRCULAR. No. 8/07**

Sub: Kerala Value Added Tax Act, 2003 - Under-valuation by Paper Mills in transporting consignments to Kerala – Reg.

It has come to notice that several **Paper Mills**, mainly in Tamilnadu, are evading tax by undervaluing their products in their invoices to Kerala.

It is reported that some Paper Mills are billing *map printing, super printing, super creamwove, deluxe creamwove* etc. quality paper, which is actually costing Rs.23,000 - Rs.30,000, at a lesser price, as *unbleached printing, white wove, medium white printing paper* costing Rs.14,000 - Rs.18,000 per ton, ex-Mill.

All Check Posts and Squads will therefore keep a look out for cases of under-valuation of paper.

Transport of paper will therefore be permitted in Palakkad District only through the Check Posts of Walayar and Govindapuram.

Check Posts and Squads will use the attached samples of paper to check their quality. (Samples which are marked 'B' are second quality products manufactured in the Mill and samples which are marked 'A' are good quality paper.)

When examining paper in **ream packets** containing bundles of 5 – 6 reams, it should be noted that as per Central Excise Rules and Legal Metrology Department norms, there should be a label on the ream packet, where quality and other parameters should be clearly mentioned.

Mills who evade duty and tax by misclassifying high-quality paper as low-quality, or by not pasting labels either on the bundle or on ream packet, shall be proceeded against under Section 47 or 67 of the Kerala Value Added Tax Act, 2003, as the case may be.

Commissioner  
Commercial Taxes.