

CIRCULAR 41/06

Sub:- Fixing minimum values for levy of entry tax for imported consignments of timber- instructions issued- Reg:

A number of instances of consignments of timber imports into the State coming under-invoiced have been noticed. Consequently several consignments of under-invoiced timber have been detained at the Check Posts for levy of entry tax and penalty. Different Check Posts are also seen applying different yardsticks for levy of entry tax, which has added to the confusion and delays faced by the trade. This situation should not be allowed to continue.

The possibility of levying entry tax on the basis of the bills of entry after applying a mark up of 15.5% for the various expenses incurred, as suggested by some quarters, has also been studied. Unfortunately the resulting values are seen to be out of tune with the market, causing leakage of revenue through the under-valuation.

The All Kerala Timber Importers Association have given a representation on 13-11-06 suggesting that the following values be fixed for levy of entry tax:

Rates for Timber <i>per cft</i>					
	Pincoda	Teak	Purpleheart	Green Heart	Padok
All Kerala Timber Importers Association	450-600	700-1100	550-650	350-450	550-700

The Association was heard in the matter, and their proposal has been studied in detail.

Reports have also been sought from the Deputy Commissioners regarding the veracity of these rates and on the prevailing market rates for the varieties. The investigation shows that the minimum rates suggested by the Association are too low considering the prevailing market. Moreover, experience shows that a single value is better than a range of values if the intention is to end tax evasion, bargaining, harassment and corruption at the cutting-edge level.

In the circumstances, considering the representation of the Association and the feedback from the field formations, the following minimum values are fixed for the most commonly imported varieties of timber given below for levy of entry tax:

Rates for Timber <i>per cft</i>		
Pincoda	Teak	Purpleheart
650	900	650

It should be noted that the above values are inclusive of the freight and other incidental expenses.

All concerned are directed to note the above values for levy of entry tax. There should be no cases of delay in clearance for importers who declare these values for purposes of taxation.

Commissioner.