

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශේෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 1910/2 - 2015 අප්‍රේල් මස 16 වැනි බ්‍රහස්පතින්දා - 2015.04.16
No. 1910/2 - THURSDAY APRIL 16, 2015

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

VALUE ADDED TAX ACT No. 14 OF 2002

BY virtue of the powers vested in me under paragraph (e) of sub-section (2) of section 2 of the Value Added Tax Act No. 14 of 2002 as last amended by the Value Added Tax (Amendment) Act, No. 7 of 2014, I, Kalyani Dahanayake, Commissioner General of Inland Revenue, do by this notification, prescribe the guidelines already issued under Circular No. SEC 2012/03 of 30.07.2012 as modified with amendments introduced in subsequent amendments to aforesaid Act in respect of Simplified Value Added Tax Scheme, as set out in this Schedule hereto.

KALYANI DAHANAYAKE,
Commissioner General of Inland Revenue.

Department of Inland Revenue,
Colombo 02,
07th April 2015.

Schedule

THE OPERATION OF SIMPLIFIED VALUE ADDED TAX (SVAT) SCHEME

1. Persons eligible to be registered under SVAT

- (a) The following VAT Registered Persons and the suppliers of any goods or services to such registered persons are entitled to be registered under this SVAT Scheme.
- (i) any registered person who supplies goods or services to any Strategic Development Project (herein after referred to as "SDP") established in terms of sub-section (4) of section 3 of the Strategic Development Projects Act, No. 14 of 2008, as is referred to in sub-paragraph (i) of paragraph (f) of Part II of the First Schedule to the Value Added Tax Act, No. 14 of 2002 (herein after referred to as the "VAT Act"), and who is entitled to claim input tax under the proviso of sub-section (6) of section 22 of the VAT Act during the project implementation period so far as such supplies are project related supplies which exceeds 50% of the total supplies;



- (ii) any person registered under the provisions of subsection (7) of section 22 of the VAT Act including SDP, and who is entitled to claim input tax under the VAT Act during the project implementation period so far as such Purchases are project related Purchases ;
 - (iii) any registered person engaged in any specified project referred to in sub-paragraph (ii) of paragraph (f) of PART II of the First Schedule to the VAT Act;
 - (iv) any exporter or provider of zero rated services specified in section 7 of the VAT Act, having zero rated supplies exceeding fifty *per-centum* of his total supplies;
 - (v) any manufacturer who supplies goods (liable to VAT) manufactured by himself in Sri Lanka, to exporters to be utilized for manufacture of goods for export, where the value of such supplies and zero rated supplies exceed fifty *per-centum* of his total supplies;
 - (vi) any provider of value added services to exporters which results in the improvement of the quality, character or value of any goods manufactured for export where such supply of services exceed fifty *per-centum* of his total supplies;
 - (vii) any registered person who supplies any goods or services, to any registered person referred to in sub paragraphs (i), (ii), (iii), (iv), (v) or (vi) above, provided that the Commissioner General is, on the information available, satisfied that the value of such supplies exceed fifty *per-centum* of the total supplies of such registered person who supplies such goods or services.
- (b) Any SDP referred to in paragraph (ii) above is required to be registered under the SVAT Scheme irrespective of the fact that such SDP is not chargeable to VAT.

2. Procedure for Registration under SVAT Scheme

The information about the documents to be submitted for registration under SVAT, and SVAT 01 (Registration form) are available at the SVAT Branch of the Inland Revenue Department (herein after referred to as “IRD”). Applications could also be downloaded from the Department Website www.ird.gov.lk.

For registration under SVAT Scheme, the applicant should be an authorized individual. In the case of a company, the applicant should be one of the directors authorized by the Board of Directors (the resolution of the Board must be submitted). In the case of a partnership, the applicant should be a partner. In the case of a proprietorship, applicant should be the proprietor. Further, the applicant himself is required to be present for obtaining the registration. However, in the case of a company, the applicant or an authorized representative of the company is required to be present for the purpose of SVAT registration. In the case of foreign companies, applicant could be an audit firm or lawyers’ firm.

Note :

- (a) Persons who are otherwise eligible for refunds are advised to request their suppliers those who have not registered under SVAT Scheme, to register under SVAT Scheme.
- (b) The back dated registration is considered only in respect of suppliers and only for a period not more than 14 days.
- (c) Any registered person referred to in items (i) to (vii) of paragraph 1 of this regulation is named as **Registered Identified Purchaser** (herein after referred to as “RIP”), and his purchase is known as suspended purchase.

- (d) In granting RIP status to any registered person referred to in item (i) of paragraph 1 of this regulation, the Commissioner General of Inland Revenue (herein after referred to as “CGIR”) has to satisfy that the supplies made to the SDP is more than 50% of his total supplies. Further, for such purpose, the place of business is visited for getting confirmation, as required.
- (e) In granting RIP status to a registered person under item (iv), (v), (vi) and (vii) of paragraph 1 of this regulation, a verification is made from the computer system of the IRD as to whether the supplies of such person referred to in aforesaid item (iv), (v), (vi), or (vii) is more than 50% of his total supplies. Further, for such purpose, the place of business is visited for getting confirmation, as required.
- (f) Any VAT registered person registered under SVAT Scheme as a supplier is referred to as **Registered Identified Supplier** (herein after referred to as “RIS”). The supply made to any RIP is known as suspended supply, and the invoice raised on such supply is known as suspended tax invoice.
- (g) Any supply of a person who is engaged with specified projects and made such supply to relevant Government authority is an exempt supply under the First Schedule of the VAT Act, but treated as deemed taxable supplies in terms of section 22 (10) of the VAT Act.
- (h) Any supply of goods or services by a registered person to any SDP is an exempt supply under the First Schedule of the VAT Act, but treated as deemed taxable supplies in terms of section 22 (10) of the VAT Act.
- (i) When an application is submitted by a person who is eligible to be a RIP, the names and the National Identity Card (NIC) numbers of two persons (a valid Passport No. in case of a non citizen), to whom the credit vouchers which have to be given by the IRD for him to give it to RIS on suspended supply, should be given in the application form. This authorization cannot be altered unless a written request is made to the CGIR by the person who has signed the application. If such person is no longer employed with the registered person, another authorized person can sign the request, but such person’s eligibility should be proved giving documentary evidence.
- (j) RIP is eligible to purchase goods or obtain services, for carrying on any respective activity which is mentioned in item (i), (ii), (iii), (iv), (v), (vi) or (vii) of paragraph 1 of this regulation suspending VAT component. Such purchases are treated as purchases for **specified purposes**. RIP is also eligible to make standard rate supplies, but the total zero rated supplies, suspended supplies and deemed taxable supplies of any such RIP for a calendar month should not be less than 50% of his total supplies. In such a situation, such registered person is eligible to purchase goods or obtain services under suspended terms which are used for its taxable supplies, and such purchase is treated as a purchase used for **deemed specified purpose**. In case where the zero rated supplies, suspended supplies and deemed taxable supplies relating to SDP are less than 50% of the total supplies of a RIP, he is required to get changed the status from RIP to RIS.
- (k) List of the registered persons who are authorized to purchase under suspended terms (i.e. RIP or RIS/RIP) is published in the official web site of the IRD. Any RIS may refer to this information to have confirmed whether the purchaser is a RIP. The list will be updated at the end of each month providing information on new registrations, cancellations, made inactive, changes in the status and the registered persons who are black listed under SVAT. Therefore, RIS is required to refer to above information in the Web-site.
- (l) In the case of foreign companies, if applicant or signatory or credit voucher collector is an audit firm or lawyers’ firm, proprietor or partners of such firm is responsible and is legally bound for tax matters specified in this regulation.

3. Specific Regulations to Registered Identified Purchasers :-

3.1 *Suspended Purchases*

- (i) All purchase of raw materials, capital goods and other services from RIS used for specified purpose or for deemed specified purpose are referred to as suspended purchases. RIPs are not permitted to purchase under normal tax invoice from another SVAT registered person unless such purchases are identifiable as purchase on which no input tax is allowed under section 22 of the VAT Act.
- (ii) Suspended purchases should necessarily be for specified purposes or deemed specified purpose. If such suspended purchases have been used for any exempt supply (other than exempt supply mentioned in item (d) of paragraph 2) or any VAT input credit is disallowed under the VAT Act (if suspended purchases were made as disallowable part was not identifiable at the time of purchase), an adjustment should be made as specified under section 22 of the VAT Act by disallowing the benefit received through the suspension. If no adjustment has been made by the registered person, an assessment under section 31 of the VAT Act could be issued by the IRD considering such suspended VAT as disallowable input credit (decision has been taken not to waive any penalty on such assessment). If suspended purchases have been used for taxable supplies, no adjustment is due (as above) since relevant output tax is payable in full to the CGIR without any input tax being deducted. However, if it is proved that any suspended purchases have not been used for specified purposes or for any deemed specified purpose, the value of such suspended purchase and the gross profit margin thereon is treated as a taxable supply, and an assessment is issued under section 31 of the VAT Act by the IRD, any penalty thereon is not waived off.
- (iii) The copies of VAT suspended invoices issued by the suppliers should be preserved at least for a period of five years as a source document to prove the purchases and the suspended VAT component, when it is required.

3.2. *Credit Vouchers*

- (i) The RIP is provided with SIMPLIFIED VAT CREDIT VOUCHERS (SVCV) in triplicate in a serial order by the IRD. A book of SVCV contains 50 credit vouchers. In issuing credit vouchers to respective suppliers, such SVCV credit vouchers should be signed by two authorized persons (signatories). Therefore, names of five signatories with their designations, specimen signatures and copies of NICs (copies of Passport in case of non citizens) should be provided to the IRD at the time of collection of such SVCV. Any change of such signatories subsequently should be informed in advance. This information is to be made available to the CGIR by the person who has signed the application. If such person is no longer employed with the registered person, another person can sign the notification, but such person's eligibility to sign as authorized person should be proved giving documentary evidence.
- (ii) Subsequent issue of credit vouchers is made on the application made with original certificate of registration, tax clearance and SVAT form 09. The tax clearance already obtained is valid for six months from the date of issue for the purpose of obtaining SVAT credit vouchers. The application for requesting credit vouchers can be downloaded from the Website of the IRD. When new series of credit vouchers are requested, the copies of used credit vouchers should be produced to the IRD with a list of suspended suppliers.
- (iii) RIP is required to issue a Credit Voucher on suspended purchases to the RIS not later than 15 days from the end of any calendar month in which such purchases are made, provided that RIS submits SVAT form 04 and 05 to the respective RIP within 10 days from the end of the relevant calendar month in which the supplies are made. RIP is required to issue one credit voucher covering the aggregate purchases made from one supplier during any calendar month. However, in respect of irregular suppliers, credit vouchers may be issued at the time of the transaction. RIP is required to keep copies of all vouchers issued.

- (iv) In the case of bank transactions, RIP is bound to produce SVAT credit voucher at the point of transaction or within 7 days from the end of a month in which the transaction is carried out irrespective of submission of forms SVAT 04 and 05 by a bank in respect of such transactions. No credit voucher is entertained by a bank after 07 days from the end of the relevant month in which the transaction is carried out.
- (v) RIP is required to issue credit vouchers to persons who have been granted special approvals by the Commissioner General of Inland Revenue to accept credit vouchers, without submitting forms SVAT 04 and SVAT 05 in respect of suspended supply. National Water Supply and Drainage Board, Road Development Authority, Sri Lanka Insurance and Industrial Technology Institute have already been granted such approval in this regard.
- (vi) Not issuing due credit vouchers by RIP, or not submitting necessary forms by any RIP or RIS to the CGIR in time, which in any manner affects the other party in the process, will be strictly dealt with under the statutory provisions of VAT Act. Further, after hearing the complaints from suppliers with regard to non-submission of credit vouchers in time, if it is proved to the satisfaction of the CGIR that the negligence of such act has affected to the supplier, an assessment could be made on the respective RIP, or such RIP would be black listed.
- (vii) CGIR may refuse issuing credit vouchers to any RIP at any time if it appears that any regulation issued by the CGIR has not been complied with as mentioned in item (vi) above.
- (viii) Where any credit voucher is cancelled due to a mistake, such cancellation should be disclosed in the application made subsequently requesting for credit voucher and original of the cancelled credit voucher should be attached to the credit voucher book.
- (ix) If purchases have been returned to any supplier during the same month in which such purchases were made, it should be disclosed in form SVAT 06(a) with such supplier's details and credit voucher number issued during the month. Original value of purchase should be disclosed in form SVAT 06.
- (x) If purchases have been returned to any supplier in respect of previously declared purchase, that information should be disclosed in form SVAT 06(a) with the credit voucher number, already issued in that regard. Further, it is necessary to disclose the credit voucher number of current period which is relevant to net purchases after accounting such returns. Original value of purchase should be disclosed in form SVAT 06, irrespective of return of any purchase accounted during the month in respect of such supplier. If value of returned purchase is more than the purchase of the current period from such supplier, credit voucher to be written has a negative value.
- (xi) If there is no purchase in the current month, but there are returned purchases during the month which is related to previously declared purchases, it should also be disclosed in form SVAT 06(a) with the credit voucher number previously issued for such purchases, together with the current credit voucher number which is issued on a negative value.
- (xii) The credit voucher is to be written on the net value of supplies based on the value given in form SVAT 04 for any situation mentioned in item (ix), (x) or (xi) above.
- (xiii) If it is a debit note, that information too should be disclosed in SVAT 06(a) as a minus value.

3.3 VAT Return

3.3.1 Value of Purchase

- (i) The value of purchases should be declared under the suspended purchases in cage “J” of the VAT Return for the month in which the suspended tax invoice is received. In any case where such purchase has not been declared for that particular month, it can be disclosed in a subsequent month within the same year of assessment for which accounts are made up for the purpose of section 28 of the Inland Revenue Act, No. 10 of 2006. The amount of suspended VAT should be entered in cage “K”. Under no circumstances VAT on suspended purchases will be an input tax, and therefore, it could not be deductible from output tax. As such, suspended VAT is not refundable. In case where any input tax on purchases made under suspended terms is disallowable under the provisions of the VAT Act as mentioned in item (ii) of sub-paragraph 3.1, it should be disclosed in cage 8A of the VAT return.
- (ii) The value for suspended purchase in the VAT return is the difference between the value of purchase in form SVAT 06 and the value of returned purchase in form SVAT 06(a).

3.3.2 Value of Supply

- (i) Any RIP who supplies goods or services to any SDP should disclose such supply in cage A2 of the VAT Return with deemed tax payable and deemed tax credit should be disclosed in R2.
- (ii) Any RIP who is engaged with special project and make supply to the relevant Government authority should disclose such supply in cage A1 of the VAT Return with deemed tax payable and deemed tax credit should be disclosed in R1.

3.4 Refunds

- (i) The RIP is requested to make purchases from RIS. Refunds are not made under any circumstances other than any upfront payment made to the Director General of Customs and VAT paid in any situation mentioned in item (iii) below.
- (ii) RIP is not authorized to accept a normal tax invoice on purchases unless the VAT component is claimable as referred to in item (iii) below or such purchases are identifiable as purchase on which the input relating to such purchases are disallowable for VAT purposes. However, instead of normal tax invoice, RIP shall request the supplier to issue a suspended tax invoice by requesting him to get registered under SVAT Scheme as RIS, as far as possible in the case of situation mentioned in item (iii) below.
- (iii) RIP is entitled to get excess input (if any) where goods or services obtained from any other VAT registered person who is not a RIS. However, if it appears that the VAT component has not been remitted to the CGIR by such supplier to whom the VAT is paid, the CGIR may hold such claims of refunds till such VAT component is recovered.
- (vi) If it appears that the purchase has been made from any RIP or RIS who has been black listed, no refund is made on tax invoices received by RIP from such persons.

3.5 Documents

- (i) The goods/services declaration form **SVAT 04** and supplementary forms SVAT 05, 05(a) and 05 (b) issued by suppliers should be mutually agreed with the RIP. The documents duly signed by RIP should be returned to the RIS for him to submit to the CGIR.
- (ii) RIP is required to submit summary of suspended purchases - form **SVAT 06**.
- (iii) RIP is required to give total output declaration - form **SVAT 03**.
- (iv) RIP should send all necessary forms and details in relation to a calendar month with two copies of acknowledgement, the form of which can be downloaded from the Web site. All forms such as SVAT 03,06, and 06(a), should be handed over to the Simplified VAT Branch on or before the last day of the following month. Further, excel files of SVAT 06, 06(a) or 06(b), if necessary and prepared on email formats of which are available in the IRD Web-site, should be emailed on or before the last day of the following month.
- (v) Any of those forms should not contain information for more than one calendar month.
- (vi) Any RIP should, on request, prepare a statement of reconciliation to facilitate the officials of the Department to check whether the imports and locally purchased goods and services have been used for any specified purpose or deemed specified purpose as defined in the note to paragraph 1 of the regulation above.
- (vii) RIP is required to submit, on request, a schedule of purchases made under suspended terms giving all invoice numbers under three sub headings (i.e. raw materials, capital goods and other goods and services obtained/consumed).
- (viii) If any RIP has made suspended supplies, such RIP is required to comply with the requirements specified in paragraph 6 of this regulation.
- (ix) Not submitting of necessary forms by the RIP to the CGIR in time, which is in any manner affects the other party in the process will be strictly dealt with under the statutory provisions of VAT Act.

4. Specific Regulations to SDP relating Documentation

SDP is required to submit a form SVAT O6AA disclosing the details with regard to the date of purchase of goods or services, name and address of the person from whom such goods or services purchased, TIN of such person and value of such supply, disregarding the fact that such SDP is not a registered person for VAT. This form should be submitted only for the verification of exempt supply made to the project.

5. Specific Regulations to Registered Identified Purchasers - NFE Manufacturers (Consignees)

- (i) If RIP is a direct exporter who received materials on Non Foreign Exchange (NFE) or non cash basis from local suppliers (RIS) on behalf of the foreign buyer to whom the final product is exported, such RIP is named as NFE Manufacturer (Consignee) and is issued a "NFE Suspended Tax Invoice" by the RIS on non-cash basis supply. Thereafter, the NFE Manufacturer shall issue a "NFE Credit Voucher" obtained from the CGIR to such supplier (RIS), provided that such supplies are utilized only for the purpose of manufacture and export of goods to the foreign buyer. RIP shall have supporting documents forms SVAT 06(b) and SVAT 06(c) for information.

- (ii) RIP who is a NFE manufacturer shall submit forms SVAT 06(b) and SVAT 06(c) in respect of 'NFE Credit Vouchers' to the IRD and it should be emailed to the assigned email address.
- (iii) The value of NFE purchases should be declared under Non Foreign Exchange Purchases in cage "JI" of the VAT Return. The amount of suspended VAT Should be entered in cage "KI".
- (iv) All other regulations and procedures will be applied in the same manner as applicable to RIP.

6. Specific Regulations to Registered Identified Suppliers

6.1 Suspended Tax Invoice

- (i) Supplies to RIP can be made on a Suspended Tax invoice (SVAT 02) showing the VAT component as "Suspended Value added Tax". Such suspended invoice should be issued without any delay. Before making supplies under suspended terms to a registered person, RIS is required to make sure that the person is a RIP. The lists of RIPs and RIP/RIS have been published in the official Web site of the CGIR.
- (ii) A tax invoice should not be issued to any RIP under any circumstances unless the input is disallowable under the provisions of the VAT Act.
- (iii) The goods exempt from VAT except any supply which is treated as deemed taxable supplies made to SDP during the project implementation period, or to any specified project cannot be supplied under SVAT Scheme.
- (iv) Supplies should be considered on accrual basis unless the approval is obtained under section 23 of the VAT Act for accounting on cash basis. If it is on cash basis, the time of supply is the time in which the payment is received by the supplier. However, under cash basis or accrual basis, any advance payment received should be declared in the taxable period in which such payment is received.
- (v) RIS should follow the time of supply as stipulated in the VAT Act. Therefore, the suspended supplies as well should be declared on that basis.
- (vi) The goods/services declaration form SVAT 04, supplementary form SVAT 05, (Suspended VAT Debit Notes form SVAT 05(a) and Suspended VAT Credit Notes form SVAT 05(b), if applicable) should be issued to purchasers within 10 days from the end of the relevant month in which the supplies are made by RIS and obtain confirmation from the RIP on the relevant forms (Scanned goods/service declaration form (SVAT 04) and supplementary form (SVAT 05, SVAT 05(a) and 05(b), if applicable) may be sent to respective RIP to get his confirmation on the supply and credit voucher numbers.

6.2 Credit Voucher

- (i) RIP will issue a **SIMPLIFIED VAT CREDIT VOUCHER** provided by the IRD subject to the receipt of forms SVAT 04 and SVAT 05. RIS is required to obtain credit vouchers within 15 days from the end of the relevant month in respect of supplies made by him during a period of one month. If RIS is a bank, it is permitted to collect credit vouchers without submitting forms SVAT 04 and SVAT 05 to respective RIP. However, such bank is required to keep same information which is in form SVAT 05 with the respective branch of the bank.

- (ii) All credit vouchers received by any RIS in respect of any taxable period are required to be submitted to the IRD to prove the suspended supplies if he is requested to do so.
- (iii) If supplies have been returned during the month in which such supplies were made, the information should be disclosed in form SVAT 05(b) giving the value of the returned supplies with the credit voucher number received for that particular month. The original value of invoices should only be stated in form SVAT 07 irrespective of such returns. However, credit voucher is issued by the RIP on the net value. Summary of returned supply should be disclosed in form SVAT07(b).
- (iv) If the supplies have been returned during the month in respect of previously declared supplies, that information should also be disclosed in form SVAT 05(b) of the current month with the credit voucher number previously obtained. It should also be disclosed current period credit voucher number in respect of net supplies is made during the current month, and the value of the returned supplies together with the current credit voucher number received. Original value of supplies should be disclosed in form SVAT 07, irrespective of any supplies returned during the month. Summary of returned supply should be disclosed in form SVAT07(b).
- (v) If there are no supplies during the month, but there are returned supplies which is related to previously declared supplies, it should also be disclosed in form SVAT 05(b) with the previously obtained credit voucher number for such supplies together with the current credit voucher number received on a negative value. Summary of returned supply should be disclosed in form SVAT 07(b).

6.3 VAT Return

- (i) RIS should disclose VAT suspended taxable supplies in cage C of the VAT return considering the time of supply irrespective of the fact that a credit voucher is received or not, in respect of such suspended supply. Respective suspended VAT amount on suspended supply should be declared in cage '2A'. Any RIS who requests for settlement of his VAT payments on suspended supplies through a credit voucher for any calendar month should make such request in cage "R" in the VAT return in which the supply and relevant output tax is declared. Where there is a discrepancy between the amount entered in cage 2A and in cage 'R' of the VAT return exists, such discrepancy will be treated as a standard supply chargeable to VAT unless the relevant reconciliation is submitted to the satisfaction of the CGIR for the difference to prove that there is no revenue loss and the transactions were duly declared.
- (ii) The value of suspended supply in the VAT return should be the difference between the value of supply in form SVAT 07 and value of returned supply in form SVAT 07(b).
- (iii) RIS who has any exempt supply of goods or services made to any SDP should disclose value of such supply in cage A2 with deemed tax and deemed tax credit should be disclosed in cage R2.

6.4 Documents

- (i) The RIS is required to handover said forms SVAT04, SVAT05, SVAT05(a) and SVAT05(b) confirmed by both parties to the Simplified VAT Branch of the IRD in respect of all transactions taken place during a period of one month in respect of each customer separately.
- (ii) RIS is required to submit total output declaration, - form SVAT 03.
- (iii) RIS is required to submit a summary of all suspended supplies made during the month (form SVAT 07) and it should be emailed to the assigned email address in the given excel format.

- (iv) RIS is required to submit a summary of all debit notes issued during any month (form SVAT 07(a)) and it should be emailed in the given excel format.
- (v) RIS is required to submit a summary of all credit notes issued during any month (form SVAT 07(b)) and it should be emailed in the given excel format.
- (vi) Bank is required to insert an additional column to form SVAT 07 to give information in respect of the name of the respective branch of the bank.
- (vii) RIS should submit all necessary forms and details in relation to a calendar month as per the covering letter which can be downloaded from the Web-site with a copy and all forms SVAT 03, SVAT 04, SVAT 05, SVAT05(a), SVAT05(b), SVAT07, SVAT07(a), SVAT07(b), SVAT07(c) and SVAT 07 (d) should be handed over to the Simplified VAT Branch on or before end of the following month.
- (viii) Separate records should be maintained to ascertain Supplies on which VAT is Suspended
- (ix) The negligence of suppliers in issuing suspended tax invoices, issuing forms SVAT 04, SVAT 05, SVAT 05(a), SVAT 05(b) or not make available required reports to the CGIR and if it would effect to the other party, in that regard, the statutory provisions of VAT Act in respect of non-furnishing of returns will strictly be applied.

7. Documentation relating to supply of goods or services to SDP

Any person who makes supplies to SDP is required to submit a form SVAT 07 AA disclosing the details with regard to the date of supply of goods or services, name and address of the SDP to whom such goods or services supplied, TIN of such person and value of such supply. This form should be submitted only for the verification of exempt supply made to the project.

8. Specific Instructions to Registered Identified Suppliers - NFE Suppliers

- (i) If RIS supply goods or services to RIP on Non Foreign Exchange (NFE) basis or non cash basis on behalf of the foreign buyer, such RIS is named as NFE Supplier. Such RIS shall issue a NFE Suspended VAT Invoice on non cash supply of goods or service (as specified in Form SVAT 02(a)) without any delay to RIP for such supply of goods or service, provided that:
 - (a) RIS shall have a delivery request from RIP to deliver such supply of goods or services. Such delivery request should essentially contain description of purchased items, quantity and names and addresses of foreign buyers to whom the final product is intended to be exported.
 - (b) RIS shall have a purchase order from foreign purchaser with the instruction to deliver the goods/ services to RIP. Name and address of the issuer of such purchase order, description and quantity should essentially be identical to details mentioned in the delivery request in (a) above; and
 - (c) RIS shall receive foreign remittance as settlement of such supplies directly from foreign purchaser and not from any other source (eg. not allowed to set off any third party liability of RIS with the consent of foreign purchaser).
- (ii) If RIS is a NFE supplier, he will receive a "NFE Credit Voucher" provided by the CGIR and issued by the RIP who is a NFE Manufacturer in respect of such NFE supply. RIS is required to submit form SVAT 04 and form SVAT 05, [and if applicable SVAT 05(a) and SVAT 05(b)] to RIP within 10 days from the end of the relevant month in respect of supplies made by RIS, and the credit voucher should be obtained within 15 days from the end of the relevant month.

- (iii) RIS (NFE Supplier) shall prepare forms SVAT 07(c) and SVAT 07(d) in respect of such supplies. Such person shall have all supporting documents for information which contents in the said forms.
- (iv) RIS is required to submit forms SVAT 07(c) and SVAT 07(d) in respect of NFE supplies made during the month and it should be emailed to the assigned email address.
- (v) All other instructions and procedures will be applied in the same manner as applicable to normal Credit Voucher/Suspended VAT Invoice.

9. General Instructions to Registered Identified Purchasers and Registered Identified Suppliers

- (i) RIP should submit VAT return monthly.
- (ii) RIS who is engaged with specified project/s should submit his VAT return on monthly basis.
- (iii) RIS who has been accorded RIP status as well, should submit his VAT return on monthly basis.
- (iv) All RIS other than above should submit his VAT Return on quarterly basis.
- (v) VAT return should be submitted to the Data Processing and Revenue Accounting Unit (DPRU) of the IRD except registered persons who are engaged with Specified Projects. Such persons should furnish their return to the Senior Commissioner (VAT) with a schedule relating to deemed taxable supplies on a project-wise. All VAT returns should be furnished on or before end of the following month.
- (vi) RIS who has been accorded RIP status should follow all the instructions given above to RIP.
- (vii) RIP who made suspended supplies should follow the instruction applicable for RIS.
- (viii) All letters or digits in forms should be typed in Times New Roman font with 12 font size.
- (ix) Value should be to the nearest rupee (do not enter cents)
- (x) If a SVAT registered person submits forms which are not in such form and does not contain such particulars as specified by the CGIR in his regulation, such registered person shall be deemed not to have furnished such forms under SVAT Scheme.
- (xi) If there is no suspended purchases or suspended supplies, a “NIL” form should be submitted.
- (xii) Change of address of a person registered for SVAT Scheme could be made subject to the submission of copies of new TIN certificate, new VAT certificate and form 13 (in the case of companies) obtained after the change of address.
- (xiii) Loss of credit voucher books or credit vouchers should be informed immediately to the Simplified VAT Branch with an affidavit and police report obtained in that regard for enable to cancel such credit voucher books or vouchers.

- (xiv) Cancellation of SVAT registration will be made after the cancellation of VAT registration and after receiving a request in that regard with the original certificate. SVAT system and IRD system is checked as to whether all VAT returns and forms under SVAT Scheme have been submitted. Further, once the cancellation is done, name of such person will be published in the Website. Further, cancellation could be made by CGIR on his discretion based on the information which shows that the registered person has not complied with the regulation issued by him.
- (xv) RIS status can be changed to RIP status on a request made with the original certificate and after satisfying the requirements mentioned in sub-paragraph (d) or (e) of paragraph 2 of this regulation.
- (xvi) RIP status could be changed to RIS status on a request made with original certificate and credit voucher books obtained, if any.
- (xvii) RIP status could be changed to RIS, based on the information available with the CGIR Where the required percentage has not been met for three consecutive taxable periods.
- (xviii) Confirmation of suspended purchases or supplies will be made if both the persons have made available forms in given email format correctly.

10. The forms specified for the purposes of this scheme are as follows :

- (a) The Registration Form - (SVAT 01).
- (b) Suspended VAT Invoice used for supplies without charging VAT - (SVAT 02).
- (c) NFE Suspended Tax Invoice - [SVAT 02 (a)].
- (d) Simplified VAT Credit Voucher which is to be obtained from the IRD and utilized by the RIP for set off the liability of VAT on purchases from the RIS - (SVCV).
- (e) Total output declaration is required to be submitted by RIP and RIS - (SVAT 03).
- (f) Confirmation of the supply from both parties. This is to be submitted by RIS (SVAT 04) - **both party document.**
- (g) Monthly supplementary declaration form (SVAT 05) - This is a summary of Supplies. The RIS is required to submit this form with SVAT 04 - **both party document.**
- (h) Suspended Debit Notes declaration form. This documentation is required to be submitted by the RIS (SVAT 05 (a)) - **both party document.**
- (i) Suspended Credit Notes declaration form. This documentation is required to be submitted by the RIS (SVAT05(b)) - **both party document.**
- (j) Summary of the suspended purchase (including NFE Basis) - This documentation is required to be submitted by the RIP (SVAT 06).
- (k) Reconciliation of cancellation of credit vouchers and purchases returned during the month or in a subsequent month. This documentation is required to be submitted by the RIP [SVAT 06(a)].

- (l) Details of the suspended supply received on NFE basis. This documentation is required to be submitted by the RIP [SVAT06(b)].
- (m) Summary of the export details received against the suspended supply received on NFE basis. This documentation is required to be submitted by the RIP [SVAT 06(c)].
- (n) Summary of the suspended supplies - This documentation is required to be submitted by the RIS (SVAT07).
- (o) Summary of the suspended Debit Notes issued - This documentation is required to be submitted by the RIS [SVAT07(a)].
- (p) Summary of the suspended Credit Notes issued - This documentation is required to be submitted by the RIS [SVAT07(b)].
- (q) Summary of the suspended supplies made to NFE Manufacturers. This documentation is required to be submitted by the RIS [SVAT 07(c)].
- (r) Summary of the foreign remittance received on account of supplies made to NFE Manufacturers. This documentation is required to be submitted by the RIS [SVAT 07(d)].
- (s) SDP is required to submit form SVAT 06 AA.
- (t) Any person supplies goods and services to SDP is required to submit SVAT 07 AA.

11. This set of regulations is subjected to amendment from time to time.

The guideline issued by the CGIR under Circular No. SEC 2012/03 of 30.07.2012 is prevail for the period prior to this Gazette.

04 - 877