

**Production of original VAT or Sales Tax Challans not required for grant of SAD refund unless any deficiency memo is issued**

The Hon'ble Customs, Excise & Service Tax Appellate Tribunal, Chennai ("the CESTAT Chennai") in the case of *M/s Aditya Chemicals v. Commissioner of Customs [Customs Appeal No.40592 of 2021 decided on October 12, 2021]* has held that the Customs Authority cannot insist on production of original Value Added Tax ("VAT") or Sales Tax Challans for grant of refund of Special Additional Duty ("SAD") unless any deficiency memo is issued informing about the discrepancy.

The present appeal arose when M/s Aditya Chemicals ("the Appellant") made an application for refund of SAD. After due process of law, the original authority rejected the refund claim observing that the Appellant has not furnished the Chartered Accountant certificate as well as correlation statement as required under para 5 of Circular No. 6/2008-Cus dated 28.04.2008. The Appellant preferred an appeal before Commissioner (Appeals) wherein the said documents were presented. However, the appeal was again rejected on the contention that the Appellant had not furnished the original Sales Tax/VAT challans and therefore rejected the refund. Hence, the present appeal was preferred by the Appellant.

The Appellant contended that vide Paragraph 6 of Circular No. 16/2008-Customs, it has clarified that it is not required to produce the original challans of Sales Tax/VAT. The Hon'ble CESTAT Chennai accepted this contention of the Appellant and held that the Revenue Department cannot insist for producing the entire original VAT/Sales Tax challans unless any deficiency memo is issue informing discrepancy.

Accordingly, the appeal was allowed.

***(Author can be reached at [info@a2ztaxcorp.com](mailto:info@a2ztaxcorp.com))***

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