

**Department of Sales Tax, Government of Maharashtra**

**e-704 FREQUENTLY ASKED QUESTIONS (FAQs)**

**Q 1. :** What is Audit Report in Form 704?

**Ans :** It is a report under section 61 of MVAT ACT, 2002 to be submitted by eligible dealer within 10 months of the end of a particular financial year.

**Q 2.** Who signs the Audit Report?

**Ans :** A Chartered Accountant or a member of Institute of Cost and Works Accountants (I.C.W.A.).

**Q 3. :** Who should file Audit Report in Form 704?

**Ans:** Dealers whose turnover of sales or purchases, as the case may be, exceeds forty lakh rupees in any year **and** the dealers or persons who holds licence in

- i. Form P.L.L. under the Maharashtra Distillation of Spirit and Manufacture of Potable Liquor Rules, 1966,
- ii. Form B-RL under the Maharashtra Manufacture of Beer and Wine Rules, 1966,
- iii. Form E under the Special Permits and Licence Rules, 1952,
- iv. Forms FL-I, FL-II, FL-III, FL-IV under the Bombay Foreign Liquor Rules, 1953,
- v. Forms CL-I, CL-II, CL-III, CL/FL/TOD-III under the Maharashtra Country Liquors Rules, 1973

**Q 4. :** What is the structure of Form 704 ?

**Ans. :** This Audit report in Form 704 is divided in three parts, as under:-

Sr. No.	Audit Report	Related to
1	Part 1	Verification and certification, computation of tax liability and recommendations to the dealer.
2	Part 2	General information about the dealer under audit.
3	Part 3	various Schedules and Annexure

**Q 5.:** Are there any sub parts in Part 1, Part 2 & Part 3?

**Ans :** Part 1 & Part 2 contains no sub parts .

Part 3 contains six schedules viz. Schedule I to Schedule VI and thirteen Annexure as follows,

1. Annexure A
2. Annexure B
3. Annexure C
4. Annexure D
5. Annexure E
6. Annexure F
7. Annexure H
8. Annexure I
9. Annexure J Section 1
10. Annexure J Section 2
11. Annexure J Section 3
12. Annexure J Section 4
13. Annexure K (Please note that Annexure G is deleted.)

**Q 6.:** Is there any correlation between Schedules / Annexure and Returns?

**Ans:** Yes. Relevant Schedules applicable, as per type of return are as follows.

<b>Type of Return filed</b>	<b>Relevant Schedule</b>
Form 231	Schedule I
Form 232	Schedule II
Form 233	Schedule III
Form 234	Schedule IV
Form 235	Schedule V
Form III E (CST)	Schedule VI
Dealer filing different types of returns (as mentioned in Sr. No.1 to 5 above)	Different combinations of Schedules as applicable depending upon the types of returns filed Schedules as applicable depending upon the types of returns filed

<b>Q 7.:</b> How to file audit report in Form 704 for the period 01.04.08 to 31.03.09 ?
<b>Ans :</b> It is mandatory to electronically upload the Audit Report in form 704 for all the periods starting from 01.04.08.Thus audit Report for the period 01.04.08 to 31.03.09 should be uploaded electronically on or before 31.01.2010.,on the web site of the Department.
<b>Q 8.:</b> What is electronic Form 704?
<b>Ans :</b> It is a prescribed form of Audit Report in electronic format. It consists of 22 excel sheet.
<b>Q 9.;</b> Where is it available?
<b>Ans:</b> It is available on the Department's web-site i.e. <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> from where it is to be downloaded.
<b>Q 10:</b> How to file Form 704 electronically ?
<b>Ans:</b> Filing of e 704 is a three step process., 1. Downloading of the e-704 template available on the Departments Web-site i.e. <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> 2. Filling up the form e-704 offline 3. Uploading of the error free form e-704 on the web <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a>
<b>Q 11:</b> Is there any sequence to file the Parts, Schedules and Annexure in e-704?
<b>Ans:</b> It is advised to fill first the Annexure A to K then, Schedules I to VI and then, Part II and then Part I.Most of the fields of Part I are auto filled once the Annexure and the Schedules are filled. Please note that Annexure G is deleted.
<b>Q 12:</b> Is it mandatory to fill all the parts, schedules & annexure ?
<b>Ans :</b> It is mandatory to fill Part I , Part II and the applicable Schedules and Annexure.
<b>Q 13:</b> How to select applicable Schedule?
<b>Ans:</b> An option is available at the <b>top right hand corner</b> of each Schedule to choose whether it is applicable. The option is named as " <b>Applicable</b> " and allows option to select " <b>Yes or No</b> ". It is mandatory to select " <b>Yes</b> " in case of applicable Schedule and " <b>No</b> " in case of non applicable Schedules. Once a dealer selects the option " <b>No</b> " then he <b>shall not</b> enter any information in the Schedules for which the option selected is " <b>No</b> ".

<b>Q 14:</b> What is indicated by Green cells in Form e-704 ?
<b>Ans:</b> The green fields are non enterable. The green fields have been given formulas and are auto filled.
<b>Q 15:</b> What is indicated by grey/shaded cells in Form e-704 ?
<b>Ans:</b> The grey fields are blocked and are non enterable.
<b>Q 16:</b> Is it necessary to fill “0” or “NA” in each and every field in the Annexure which are not applicable?
<b>Ans:</b> No. The Annexure which are not applicable should be left blank.
<b>Q 17:</b> What is <b>Annexure –A</b> ?
<b>Ans:</b> In <b>Annexure-A</b> , details of amount of tax paid as per returns /chalan under MVAT Act and interest paid u/s 30(2) are to be filled. The details of Refund Adjustment Order issued and amount adjusted against the tax payable for the period under Audit are also to be filled in this annexure.
<b>Q 18:</b> What is <b>Annexure –B</b> ?
<b>Ans:</b> In <b>Annexure-B</b> , details of amount of tax paid as per returns /chalan and interest paid under section 9(2A) CST Act are to be filled. The details of Refund Adjustment Order issued and amount adjusted against the tax payable for the period under Audit are also to be filled in this annexure.

<b>Q 19:</b> How the entry is made in Annexure-A and Annexure-B when payment for whole year or period more than the applicable return period is made in single challan?
<b>Ans:</b> Tax paid with challan is to be co related with return period. Split the challan amount to different return periods in applicable cases.
<b>Q 20:</b> Is interest on late payment is calculated automatically in Annexure-A and Annexure-B ?
<b>Ans:</b> Yes, it calculated automatically after pressing “ <b>Validate</b> ” button at the top right hand corner of these annexure.
<b>Q 21:</b> What is <b>Annexure –C</b> ?
<b>Ans:</b> In <b>Annexure-C</b> details of TDS certificates received are to be filled.
<b>Q 22:</b> What is <b>Annexure –D</b> ?
<b>Ans:</b> In <b>Annexure-D</b> details of TDS certificates issued are to be filled.
<b>Q 23:</b> What is <b>Annexure –E</b> ?
<b>Ans:</b> In <b>Annexure-E</b> details of purchases on which the set-off is claimed by the dealer are to be filled. The details regarding set-off on capital assets, non admissibility of set-off under Rule 54, reduction of set-off under Rule 53 etc are to be filled in this annexure.
<b>Q 24:</b> What is <b>Annexure –F</b> ?
<b>Ans:</b> In <b>Annexure-F</b> various financial ratios for the period under audit and other information are to be filled in. If a dealer has multi State activities, then the ratios related to gross and net profit may be given for entire business entity and other ratios should be given for within the State activities.

<b>Q 25:</b> What is <b>Annexure –I</b> ?
<b>Ans:</b> In <b>Annexure I</b> details about wanting declarations under the C.S.T.Act, 1956 is to be filled. TIN of the customer should be filled in all the cases. Please note that the rate of tax in column 9 should be entered in digits only, <b>without % sign.</b>
<b>Q 26:</b> Is there any linkage between Annexure H and Annexure I with Part-I ?
<b>Ans:</b> The tax liability as per Annexure H and Annexure I, if any, gets reflected in figure as per Audit in row (xiv) of Table No.-2 and row (xi) of Table-3, Para-4 of Part-1.
<b>Q 27:</b> What is <b>Annexure –J</b> ?
<b>Ans:</b> In <b>Annexure-J</b> dealer-wise information of sales and purchases during the period under Audit is to be filled. It consists of <b>four</b> Sections. <b>Section 1</b> is for filling in the information of ‘Customer wise sales’. <b>Section 2</b> is for filling in the information of ‘Supplier wise purchases’. <b>Section 3</b> is for filling in the information of ‘Customer wise Debit notes and Credit Notes’. <b>Section 4</b> is for filling in the information of ‘Supplier wise Debit notes and Credit Notes’. In Section 3 figures with <b>minus sign</b> should be used in case of <b>credit notes</b> and in Section 4 figures with <b>minus sign</b> should be used in case of <b>debit notes.</b>
<b>Q 28:</b> Where to show sales on which no tax is collected separately in <b>Annexure J</b> ?
<b>Ans:</b> It should be entered in Row 9 in <b>Annexure J_ Sec 1</b> where space is provided for other local taxable sales.
<b>Q 29:</b> Where does the dealer put the customer-wise VAT sales if the number of customers are more than 999 ?
<b>Ans:</b> The customer wise sales are to be filled in descending order.If there are more than 999 customers then enter the total of all the remaining customer wise sales in 1000 <sup>th</sup> Row as Remaining transaction total.

<p><b>Q 30 :</b> Where does a dealer put his purchases on which no tax is paid separately in <b>Annexure J</b>?</p>
<p><b>Ans:</b> It should be put in Row 9 in <b>Annexure J_ Sec 2</b> where space is provided for other local taxable purchases.</p>
<p><b>Q 31:</b> Where does the dealer put the supplier-wise VAT purchases if number of suppliers are more than 999.</p>
<p><b>Ans:</b> The supplier wise purchases are to be filled in descending order. If there are more than 999 suppliers then enter the total of all remaining supplier wise purchases in 1000<sup>th</sup> Row as Remaining transaction total.</p>
<p><b>Q 32:</b> What is <b>Annexure –K</b> ?</p>
<p><b>Ans:</b> <b>Annexure-K</b> is provided for writing the details of determination of Gross Turnover of Sales and Purchases. The reconciliation with Profit and Loss Account, Trial Balance / Sales and Purchase register should also be mentioned here.</p>
<p><b>Q 33:</b> What is the treatment to the dealer having multi-state activities?</p>
<p><b>Ans:</b> If the dealer has multi-state activities then Trial Balance in relation to the business Activities in Maharashtra should be attached. Wherever prescribed documents are not made available to the auditor or same are insufficient and incomplete then the tax liability is to be computed as per the provisions of law</p>
<p><b>Q 34:</b> In Schedule III, how should the dealer take credit of TDS certificates received as per Annexure C ?</p>
<p><b>Ans :</b> Enter amount of Tax Deducted at source in box 9(f) at Row 115 in Schedule III by specifying it in the corresponding cell.</p>

**Q 35:** Is it necessary to fill entire row in applicable Schedules and Annexure ?

**Ans:** In all the Schedules and Annexure it is mandatory to fill applicable rows completely i.e. if one cell in a row is filled then it is mandatory to fill all the cells in that row.

**Q 36:** What is the last date of tax payment required to be filled in column D of Annexure A and B.

**Ans:** Due date of tax payment is 21 days from the end of the return period (excepting the due dates those fall on holidays). Take due care while filling in column D of Annexure A and B.

**Q 37 :** Is it necessary to fill Para-1(A), Para-1(B) and 1(C) in Part-I ?

**Ans:** If the books of accounts are audited under the provisions of the Income Tax Act, 1961 then Part 1 A shall be filled. Auditor should obtain the certified Financial Statement and should strike off certification under Para-1(B) and 1(C) in Part-1. In case books of account are audited under any other Act but not under the Income Tax Act, 1961 then the Auditor should obtain the certified Financial Statement audited under that Act and should strike off certification under Para 1(A) and 1(C). In other cases the Auditor should obtain Financial Statement duly certified by the dealer and should strike of Para 1(A) and 1(B) in Part-1.

**Q 38 :** What is to be written in Sr No **a to p**, in Para-3 of Part-1 ?

**Ans:** Negative certification by the Auditor, if any is to be incorporated with reasons, at Sr No **a to p**, in Para-3 of Part-1 and should correspond to the relevant certificates which are mentioned at 2(B)(a) to 2(B)(p) of Part 1. Further, the auditor's remarks are to be included at Para 5 of Part-1 and qualifications having the impact on the tax liability in brief, wherever applicable.

<b>Q 39</b> : What is Activity Code ?
<b>Ans:</b> The Activity Codes are generally used to classify the commodities on the lines of the economic activities. It is published by International Standard Industries Classification. The same activity codes are adopted by the National Industrial Classification. These Activity codes are to be used to fill up the information in Part-2 Table 3.
<b>Q 40:</b> Where can I get Activity code of my business?
<b>Ans:</b> The Activity Codes are available at the Departments Web-site i.e. <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a>
<b>Q 41:</b> Where can I refer my queries as regards Activity Codes?
<b>Ans:</b> Refer your queries in respect of “Activity Codes” to <a href="mailto:activitycodes@mahavat.gov.in">activitycodes@mahavat.gov.in</a> . Please refer <b>Trade Circular 38 T of 2009</b> for details.
<b>Q 42</b> : While auditing the books of accounts, should the auditor correlate records under Central Excise Act, 1944, the Customs Act, 1962 or under the State Excise Act with records under MVAT Act,2002?
<b>Ans:</b> Where dealer is required to maintain the records about the sales, purchases, Imports and Exports under Central Excise Act, 1944, the Customs Act, 1962 or under the State Excise Act in such cases the Auditor should invariably correlate the details of sales, purchases, Imports and Exports disclosed under the said Acts and disclosed under MVAT Act, 2002. Any material difference noticed should be reported at Para 5 of Part-1 accordingly.
<b>Q 43:</b> Is it mandatory for the Auditor to visit the principal place of business and the place where major business activities are carried out before the date of furnishing of Audit Report to the dealer?
<b>Ans:</b> It is mandatory to visit the principal place of business and the place where major business activities are carried out before the date of furnishing of Audit Report to the dealer.

<b>Q 44:</b> Is it necessary to specify the description wherever the words “Please Specify” appear in the form?
<b>Ans:</b> Yes. Wherever the words “Please Specify” appear it is necessary to specify the description. For example, in Part I, Cells C 84, C86 of Table 2; C 106 of Table 3 and B 131,B 132 of Table 5, it is necessary to mention the description if figures are filled in the corresponding cells or otherwise to type NA.
<b>Q 45:</b> The description in Part 1 -2 (B) (b) mentions “ <b>Score out whichever is not applicable</b> ”. How is it to be score out in case of electronic Form 704?
<b>Ans:</b> This instruction is to be read in terms of <b>physical submission</b> of Part I.
<b>Q 46:</b> What are the general instructions?
<b>Ans:</b> i) Do not “Cut” and “Paste” data in any cell of the template ii) Use the template which is available on the web site <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> iii) Do not key in data in the cells where options are to be selected from drop down menu
<b>Q 47:</b> How the Annexure can be validated?
<b>Ans:</b> In case of Annexure, after pressing the button for validation only one error appears at a time. After correcting the same, next error appears. Errors in Annexure can be avoided if the rows in which information is filled are completely filled.
<b>Q 48:</b> How to validate the form e 704?
<b>Ans:</b> After entering information in applicable Annexure and Schedules “ Validate” button should be pressed. If there are any errors of arithmetical accuracy and data entry an <b>Error Sheet</b> is generated. After the validation button is pressed, the error sheet shows only the errors in that particular sheet. After pressing the validation button in Part I , Errors in entire form are shown . The corrections are to be carried out till the entire form becomes error free.

<b>Q 49:</b> When the Form e 704 is ready for uploading ?
<b>Ans :</b> After successfully validating the Part 1,a Rem.txt file will be generated and get saved on Drive 'C'. The dealer may upload this file after logging on to <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> under his login Id and Password for e-Services.
<b>Q 50:</b> How the acknowledgement is generated?
<b>Ans:</b> An Acknowledgment will be generated in case of successful uploading of Audit Report. It will show the Transaction Id and Date of uploading along with some other fields.
<b>Q 51 :</b> When the process of filing of Form-704 is said to be completed?
<b>Ans:</b> Unless the dealer submits signed Acknowledgment along with required attachments, on or before 10 February 2010, the audit Report even if electronically uploaded on or before 31 January 2010, shall not be deemed to be filed.
<b>Q 52 :</b> What documents are required to be submitted physically ?
<b>Ans :</b> Following documents are to be submitted physically <b>alongwith “ Statement of Submission of Audit Report in Form 704 “</b> (Format of the Statement is given in Trade Circular 27 T of 2009 & it is also available in the link of e 704 on the web <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> ) <ol style="list-style-type: none"> <li>1. Acknowledgement of having uploaded e704</li> <li>2. Part I of the Audit Report <b>uploaded</b> (i. e. in excel sheet ). <b>Part I in other format will not be accepted.</b></li> <li>3. Enclosures, clicked <b>YES</b> in Part I.</li> </ol> Please refer <b>Trade Circular 27 T of 2009</b> for details.
<b>Q 53:</b> Who should sign the Acknowledgment to be submitted?
<b>Ans :</b> The dealer as well as the Auditor (Chartered Accountant or Cost Accountant ).

<b>Q 54:</b> Where the physical copy of the Acknowledgment, Part 1 and other enclosures should be submitted?
<b>Ans :</b> The dealer is required to submit the physical copies to the Deputy Commissioner, Desk Audit Cell in case of Mumbai and in case of places other than Mumbai, to the Office of The Joint Commissioner of Sales Tax, VAT(ADM).
<b>Q 55 :</b> Where to contact in case of difficulties ?
<b>Ans. :</b> Liasion Officers have been appointed at each of the office location to provide help in case of difficulties as regards electronic filing of e 704. List of such Liasion Officers is already displayed on the web <b>www.mahavat.gov.in</b> .
<b>Q 56:</b> Is there any e mail id for reporting queries relevant to e 704?
<b>Ans:</b> Your queries in respect of e 704 may be mailed to <b>e704help@gmail.com</b>
<b>Q 57 :</b> My Audit Form-704 is uploaded , but I was unable to take printout of the Acknowledgement . What to do now?
<b>Ans :</b> The copy of acknowledgement can be viewed in ‘Dealer’s Info’ account accessible to the dealer through his Login Id and Password on <a href="http://www.mahavat.gov.in">www.mahavat.gov.in</a> .
<b>Q 58 :</b> Is it necessary to use only new form available on website after 1 <sup>st</sup> January ? Can I use old Form which is already filled up by me?
<b>Ans :</b> Yes, you can use old Form prior to 1 <sup>st</sup> January,2010. But if possible please use the template available on the net as on the date of filing.

**Q 59:** What is to be done if Ratio of Gross turnover of sales to Gross Receipt is above 100 and value above 100 is not accepted ?

**Ans :** Though ratio is above 100 for this information, enter the same as 100 in the respective columns & mention exact ratio in column 'Method of computation & Observations, if any'.

**Q 60 :** Is there any provision to revise Audit Report in Form 704 uploaded?

**Ans :** No. There is no provision to revise Audit Report in Form 704 in MVAT ACT 2002.

**Q 61 :** Even though Dealer was not eligible to file VAT Audit Report for the previous year is it mandatory to mention Previous Year's Ratios in Annex - F ?

**Ans :** Yes.

**Q 62 :** Is it necessary to fill Annexure J Sec\_2 in case of Composition dealers particularly the retailers ?

**Ans :** In Annexure J Sec\_2, details of supplier wise vat purchases are required to be furnished by the dealer.

**Q 63 :** While validating part I, The error message shown is for line No. 55 to 70 (Reason for certification not entered). I have not filled any detail in 55 to 70 since there is no negative certificates to be given.

**Ans :** Pls. write "N.A." i.e 'Not Applicable' in line No. 55 to 70 (Reason for certification) & then validate.

**Q 64 :** Form is validated & Rem.txt file is generated . Now while uploading, error as below is shown – ‘MODIFICATION ARE NOT SAVED, rem FILE NOT UPDATED.’ OR other errors related to VB or Oracle.

**Ans. :** Download current template of the form and try uploading the same. In case problem persists then send your form e 704 in excel format alongwith rem file and error report, to e704help@gmail.com

**Q 65 :** Form is validated & Rem.txt file is generated . Now while uploading , error as below is shown – ‘ Start Routine null’.

**Ans. :** It seems that dealer used ‘ alt + Enter ’ keys while entering name of the dealer in cell ‘ C 8 ’ of Part I, or in cell ‘ C 18’, ‘C 49’, ‘C 80’ of Sch I or in similar cells in other Schedules. This changes formatting of the sheet creating uploading error. Avoid using ‘ alt + Enter ’ keys.

**Q 66 :** How to show taxable turnover of sales in Sch. II for retailers having composition ,if Turnover of sales during one return period is less than Turnover of purchases ?

**Ans.:** In such a case, in Row 14 ,the dealer should enter total of (sales of the Return period where Turnover of sales is less than Turnover of purchase + purchase of other Return period where Turnover purchase are less than turnover of sales)

Eg.	Sale	purchase
In first six months	100000	90000
Second six month	120000	150000

In such case enter :

**GTO of sales** **220000**

**Amount in line 14** **210000** ( sales of the Return period where Turnover of sales is less than Turnover of purchase i.e.120000/- + purchases of other Return period where Turnover purchases is less than turnover of sales i.e. 90000/-)

**Net on which composition is payable** **10000**

**Q 67 :** In transaction u/s 6(2) under the CST Act , I have received declaration in Form-C but not received declaration in Form-E1/ E2 for the same transaction. Now, in Annexure I, which details are to be written ?

**Ans:** In this situation, select Form-E1/E2 in column 4, write details pertaining to purchases in columns 1 to 3, write details of sales in the column no. 5, 6, 7 & 8 and write rate of tax as applicable in column 9.

**Q 68 :** In transaction u/s 6(2) under the CST Act, I have received declaration in Form-E1/E2 but not received declaration in Form-C for the same transaction. Now, in Annexure I, which details are to be written?

**Ans:** In this situation, write details of sales in the entire row after selecting Form C in column 4 and write rate of tax as applicable in column 9.

**Q 69 :** In transaction u/s 6(2) under the CST Act, I have not received declaration in Form – C & E1/E2 of the transaction. Now, in Annexure I, which details are to be written?

**Ans:** Enter transaction related to Form E1/E2 in one row and corresponding transaction related to Form 'C' in the next row below. Select Form-C in column 4, enter details of sales in the entire row and in column 9, write rate of tax as applicable. In the next row, enter details of form E1/E2. Select Form-E1/E2 in column 4, write details pertaining to purchases in column 1 to 3, write details of sales in column 5 & 6, and put zero in column 7 to 9.

**Q 70 :** What is to be written in row 84 to 94 in section 6 of Annexure E in the new template available on the web on or after 7<sup>th</sup> Jan 2010?

**Ans:** These are grey fields which are non enterable. Fill row 95 with requisite details.