

Tax E-Chronicle

Commercial Taxes Department
Government of Rajasthan

Monthly News Letter on Tax and Revenue

From the Desk...



The Central Government is responsible for collection and monitoring of direct taxes such as Income Tax, Central Excise, Service Tax etc. States are getting central share from these taxes as per the norms defined. State has authority to collect and monitor Indirect taxes such as Value Added Tax, State Excise, Transport, Mining

and Stamps & Registration. The Commercial Taxes Department is highest contributor of the State Revenue coming from Indirect taxes. Approximately 67% revenue comes from VAT and CST in the State.

Simplification of tax procedures is a regular exercise and Department is constantly working on it. Various simplifications have been announced in the Budget 2010-11 by Hon'ble Chief Minister (Finance) of the State. One of the major announcements is the simplification of VAT return. The quarterly VAT return was very lengthy and 10 attachments were mandatory to submit with the returns. In manual mode big taxpayers were filing a huge bundle of documents which were unmanageable by the Department. In case of e-filing a taxpayer had to file basic return with 10 attachments which was very cumbersome job.

After detailed exercise by a committee constituted for the purpose of simplification of documents, a small and relevant informative return document was finalised. The discussions on the mandatory attachments were also held at many times and finally it was decided to take only dealer-wise sale and purchase detail instead of transaction wise detail and other attachments.

I feel that this type of exercise will definitely facilitate the dealer of the State. Apart from this some more simplifications were announced in the budget of 2010-11 such as exemption from filing annual return VAT 10-A by the dealer in composition scheme or filing Audit Report, increase in threshold limit for registration and time bound disposal of Appeals.

I feel that these simplifications would facilitate the taxpayer of the State.

(B.N.Sharma)

Highlights

Budget Highlights – 2010-11 : Tax Proposals

Focus on an atmosphere of trust in trade and industry, according due respect to the tax payer and reducing the unnecessary interface between trade and department by simplifying and facilitating the modalities of payment of tax, rationalizing the tax structure and making the system practical to the extent possible.

Simplification and facilitation:

- ✓ Simplification of quarterly returns. The number of attachments reduced from 9 to 3 - Will benefit 70,000 dealers.
- ✓ Dealers opting for composition scheme or filing Audit report exempted from filing annual return in VAT 10A
- ✓ Eight more goods - Gur, match boxes, all goods made of cement, fireworks, non-edible oil, cotton seed, photographic goods, audio & video cassettes - removed from compulsory listing for VAT47.
- ✓ Annual turnover threshold for compulsory registration raised from Rs 5 lac to Rs 10 lac – will benefit 11000 dealers.
- ✓ First appeal by dealers to be disposed off compulsorily within one year.
- ✓ Dealer will have to deposit up to 10% of disputed tax (excluding penalty and interest) only before filing first appeal.
- ✓ Date for filing of audit report extended from December 31 to January 31.

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Budget 2010-11

- ✓ Self assessment made applicable for dealers filing annual return or audit report in time even if quarterly returns were delayed.
- ✓ Exemption from quarterly return for dealers with tax liability up to Rs. 20000 in the previous year.
- ✓ Provisional ITC refund on submission of a Bank Guarantee.
- ✓ 50% ITC refund to those dealers who e-file their returns and have 10 % growth in tax deposit vis a vis last year.
- ✓ Demands created for want of verification of input tax credit not to be enforced.
- ✓ e-Refunds directly in the CBS bank accounts of dealers.
- ✓ Penalty imposed for late filing of audit reports of year 2006-07 to be waived.
- ✓ Government department and their agencies to deposit VAT directly to tax authorities on their purchases.
- ✓ E-filing dealers to get 15 more days for filing returns.
- category and in restaurants reduced from 14% to 5%.
- ✓ Exemption of Entry tax charged for the second time on textile. Outstanding demand to be waived. Longstanding problem of Bhilwara textile dealers solved.
- ✓ Exemption from Stamp duty on affidavits filed for caste certificate, bonafide resident certificate and those filed for admissions in educational institutions and scholarships.
- ✓ Exemption from Stamp duty on documents of inter se agreements for taking loans by members within women self-help groups.
- ✓ Exemption from Stamp duty on documents for purchase of land for power plants.
- ✓ Reduction of stamp duty from 1% to 0.1% on documents for non agriculture loans.
- ✓ Revocable power of attorney to be made compulsorily registrable and stamp duty on such documents to be reduced from 2% to 0.2%.
- ✓ Royalty on Makrana marble to be reduced from Rs. 325/- to Rs. 300/- per ton.
- ✓ Exemption from royalty on marble slurry/ powder.

Tax Reliefs:

- ✓ Battery driven motor vehicles and solar energy equipments, Mehandi cone, Beehive, Bee-colony, Bee-box and Rudraksh exempted from VAT
 - ✓ Mess facilities to students up to Rs. 1500/- per month exempted from tax.
 - ✓ Cinemas having maximum admission rate of Rs. 50/- exempted from entertainment tax. Tax levied on cinema reels exempted from VAT.
 - ✓ VAT reduced from 14% to 5% for Water tankers, CFL bulbs, marble powder, chips and karezi, wood of safeda and Arusa, flour mills of more than 2 HP.
 - ✓ VAT on pulses to continue at 1%.
 - ✓ Price based tax on Kota stone at 5%.
 - ✓ Tax on food items in hotels below three star
- ### Measures for Additional Revenue Mobilisation:
- ✓ Lower tax rate of VAT increased from 4% to 5%.
 - ✓ Tax rate for dealers opting for section 3(2) composition raised from 0.25% to 0.5%.
 - ✓ VAT rate 14% for coal tar, bitumen, lime stone, generator and invertors, automobile bodies, EPABX, electrodes, branded readymade garments, multi-functional devices, U-foam, certain chemicals and high voltage cables.

Budget 2010-11

- ✓ VAT rate 5% for cotton seed oil cake and crowbar.
- ✓ Ceiling of Special Road Tax for covered all India permit passenger vehicles raised to Rs. 35,000/- per month.
- ✓ Ceiling for one time tax on Special Class of Non transport vehicles withdrawn.
- ✓ One time tax on two wheelers up to 100 cc reduced from 5% to 4% while that for above 100 cc increased to 8%.
- ✓ One time tax on cars / four wheelers rationalized – Number of slabs reduced from 6 to 4; one time tax on cars:
 - costing up to Rs. 2.5 lac @2.5%
 - costing Rs. 2.5 lac to Rs. 6 lac @5%
- costing Rs. 6 lac to Rs. 10 lac @8%
- costing above Rs. 10 lac @10%
- ✓ Urban Cess of 10 paisa per unit on consumers in municipal areas consuming more than 100 units per month. The revenue collected from cess will be used for street lighting, sanitation, sewerage and energy conservation in urban areas.
- ✓ Compulsory registration of mobile towers and levy of annual user charges on them.
- ✓ An additional revenue of approximate Rs. 550 crores is likely to be mobilized as a result of these revenue proposals for the year 2010-11.

Data Nest...

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d-I a	en	2008&09		2009&10		i fr'kr mi yfC/k
		jktLo y{; okf"kd(R.E.)	mi yfC/k; W (Tent.)	jktLo y{; okf"kd(B.E.)	mi yfC/k; W ekg Mar 2010 rd(Tent.)	
1	oV	9100-00	8904-50	10200-00	10200-98	100-00
2	i dsk dj	190-00	189-90	225-00	161-65 ^{Feb}	71-84
3	eukj tu dj , oafoykfl rk dj	60-00	64-53	70-00	51-73 ^{Feb}	73-90

Notifications

oV 11 nsus okya 0; ogkfj; ka dks oV 10, I s eDr Anku dh xA	, Q16¼375½ VDI @ oV @ I hl hvh @2006&1158 fnukad 21-12-2009
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oV vWfMV fjikv±ÁLr djus dh I e; kof/ks 31-01-2010 rd c<k; h xA A	, Q- 12¼114½ , Q-Mh@VDI @2007&74 fnukad 01-01-2010
vk; kfrr phuh dks dj eDr fd; k x; k A	, Q-12¼86½ , Q-Mh@VDI @2009&75 , oa 76 fnukad 27-01-2010

Question 9 : Why is Dual GST required ?

Answer :India is a federal country where both the Union (Centre) and the States have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the constitutional requirement of fiscal federalism.

Question 10 : How would a particular transaction of goods and services be taxed simultaneously under Central GST (CGST) and State GST (SGST)?

Answer :The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services that is covered by the definition of the taxable supply. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of CENVAT. While the location of the supplier and the recipient within the country is immaterial for the purpose of CGST, SGST would be chargeable only when the supplier and the recipient are both located within the State.

Illustration I :- Assume that the rate of CGST is 10% and that of SGST is 10% . When a wholesale dealer of steel in Uttar Pradesh supplies steel bars and rods to a construction company which is also located within the same State for , let us say Rs. 100, the dealer would

charge CGST of Rs. 10 as well as SGST of Rs. 10 in addition to the basic price of the goods. He would be required to deposit the CGST component into a Central Government account while the SGST portion into the account of the concerned State Government. Of course, he need not actually pay Rs. 20 (Rs. 10 + Rs. 10) in cash as he would be entitled to set off this liability against the CGST or SGST paid on his purchases (say, inputs). But for paying CGST he would be allowed to use only the credit of CGST paid on his purchases while for SGST he can utilize the credit of SGST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

Illustration II: Assume that the rate of CGST is 10% and that of SGST is 10%. When an advertising company located in Mumbai supplies advertising services to a company manufacturing soap also located within the State of Maharashtra for, let us say Rs. 100, the ad company would charge CGST or RS. 10 as well as SGST of Rs. 10 in addition to the basic value of the service. It would be required to deposit the CGST component into a Central Government account while the SGST portion into the account of the concerned State Government. Of course, it need not actually pay Rs. 20 (RS. 10+Rs. 10) in cash as it would be entitled to set off this liability against the CGST or SGST paid on his purchase (say, of inputs such as stationery, office equipment, services of an artist etc). but for paying CGST it would be allowed to use only the credit of CGST paid on its purchase while for SGST it can utilise the credit of SGTST alone. In other words, CGST credit cannot, in general, be used for payment of SGST. Nor can SGST credit be used for payment of CGST.

Profile of leading Tax Payer

P.L.Motors

P.L.Motors is a dealer registered in the Special Circle, Rajasthan. It deals in Automobile. The last five years revenue figures are as follows:-

S.No.	Year	Revenue (Rs. in Lacs)
1	2004-05	554.55
2	2005-06	827.85
3	2006-07	1053.65
4	2007-08	1068.82
5	2008-09	864.10

Presently, P.L.Motors is making payment of tax timely and rarely defaults in payment of tax.

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