

CHAPTER – III

9. Levy of composition tax on registered dealer

- (1) A registered dealer eligible to pay a lump sum in lieu of tax by way of composition may opt for such composition and give his option in Form 3 to the appropriate tax officer within the period of thirty days.
- (2) The lump sum payable by a registered dealer shall be one per cent of his turnover for every quarter of the year for which the option has been given. Such lump sum shall be paid by challan in Form 4 within fifteen days, of the expiry of the quarter. A copy of challan as proof of such payment shall be sent to the appropriate assessing authority within seven days of such payment.
- (3) Where an option given by a registered dealer under Section 17 stands revoked under the provisions of the said Section, such dealer shall, for the period from the date of which the option stands revoked to the date of expiry of the year for which the option has been given shall furnish returns in accordance with the provisions of Section 35.

10. Interval and manner of payment of composite tax

For the purpose of Section 17 the following will be the interval and the manner of payment of tax:-

- (i) Payment for the fourth quarter will cover the entire tax liability of the dealer covering the twelve months as a whole. Estimated tax liability for any year comprising of twelve months will be divided into four equal instalments payable for each quarter.
- (ii) While the instalments payable for the first, second and third quarter will be made through Tax Challan on the State Bank of India or any other banks authorized by the State Government and the same will be produced before the appropriate assessing authority within twenty days of the subsequent month from the quarter.

11. Books of Accounts to be maintained by the dealer for making payment of composite tax and filing of return

For the purpose of Section 17, the dealers making payment of composite tax will maintain the following books of accounts:-

- (i) Sales and purchase invoices.
- (ii) Sales register and purchase register.
- (iii) Cash book and ledger.
- (iv) Stock register.

The return will be filed quarterly by such dealers in Form 5 along with the proof of payment of tax. An annual return will be filed in Form 6.

12. Works Contract.

For the purpose of clause c of Section 5 of the Act, the following are the prescription:

- (1) Subject to the provisions of Section 5 of the Act and Section 3 in determining the taxable turnover of a works contract, the amount specified in the following clauses shall be deducted from the gross turnover –
- (a) Where under the contract, the transfer of property takes place in the form of finished goods or the contractor is required to build, construct, manufacture, process, fabricate or otherwise procure or supply any finished goods –
 - (i) the charge for freight and delivery of finished goods; and
 - (ii) any amount charged for in respect of any works not involving any transfer of property, done after the emergence of the goods but before the transfer of property is affected under the works contract.
 - (b) Where under the contract, the transfer of property does not take place in form of goods but takes place in some other form, such sum towards labour and other charges, not involving any transfer of property in goods, actually incurred in connection with the execution of the contract.

Provided that where the labour and other charges not involving any transfer of property in goods incurred in connection with the execution of the contract are not determinable from the accounts or where such charges are shown in the accounts are, according to the appropriate assessing authority unreasonable high considering the nature of the contract, the deduction towards labour and other charges shall be made by the appropriate assessing authority according to the best of his judgement, subject to the limit specified in column 3 for the type of contract shown in column 2 of Schedule prescribed

- (2) In case where proper books of accounts are not maintained or the amount exclusively incurred towards charges for labour and other services and profit relating to supply of labour and services are not ascertainable from the accounts maintained by the contractor, the amount of such charges for labour and services and such profit may be determined by allowing deductions at the rate or rates specified in the schedule.

13. Requirement of maintenance of registers and books of accounts for availing Input Tax Credit.

For availing of the Input Tax Credit referred to in sub-section (2) of Section 11, a registered dealer shall have to maintain the following registers and document –

- (i) true and up-to date account of sales of goods made in Output register in Form 7,
- (ii) true and up-to date account of all purchases of goods made in Input register in Form 8,
- (iii) delivery Notes received and utilization record thereof,

- (iv) sale and purchase documents, vouchers, bills or cash memos, counterfoils of delivery notes issued, copies of tax invoice issued and received, documents and certificates relating to exports,
- (v) inventory of raw materials used for manufacturing of goods and upto date account of manufactured goods,
- (vi) dispatch register of goods for sale outside the State,
- (vii) VAT Account register in Form 9.

14 Credit of input Tax within the tax period by the Commissioner – Section 103

The Commissioner may allow credit of input Tax within the tax period itself for good and sufficient reasons provided the registered dealer, due to reasons of closures of business or otherwise, applies before the appropriate assessing authority for credit of such input Tax before the expiry of the tax period. Before such permission, the Commissioner may, however, ensure scrutiny of the claim of the dealer through an Audit assessment.

15. Manner of the reversing of Input Tax Credit.

For the purpose of sub-section (3) of Section 11, the procedure for reversing the Input Tax Credit will be as follows.

The appropriate Assessing Authority will –

- (i) first ascertain the quantum of purchase for the purpose of disqualifying the same for input Tax rebate,
- (ii) the amount of input Tax rebate sought to be reversed will be worked out by the appropriate assessing authority from the (i) above and the same will be reduced from the total claim of input Tax rebate made during the month,
- (iii) in case where there is no input Tax rebate claimed in VAT return for the month in which such reversal of input Tax rebate is being made, or where the total claim of input Tax rebate in the month is not sufficient to offset the aforesaid amount of reversed Input Tax Credit, the appropriate assessing authority will issue Demand notice to the dealer for recovery of the amount of reversed Input Tax Credit, availed of by the dealer and the dealer will deposit such amount to the Government account in the State Bank of India or any other banks authorized by the State Government, forthwith and produce the receipted copy of the Challan to that effect before the appropriate assessing authority.

16. Condition for adjustment of Input Tax Credit in respect of goods return etc.

For the purpose of sub-section (1) of Section 15, the registered dealer will produce the following on being asked to do so by the appropriate assessing authority:-

- (i) Copy of the credit note or debit note as the case may be,
- (ii) Challan copy of goods returned supported by transportation document.

17. Stock brought forward during transition

For the purpose of computation of the Input Tax Credit to be claimed by or allowed to a registered dealer under Section 19 of the Act in respect of stock held by him on the date of commencement of this Act, the element of tax that such goods have borne under the Repealed Act and included in the sale price of such goods, shall be arrived at by deducting there from the element of such tax, by applying the following formula.

Turnover X rate of tax under the repealed Act.
100 + rate of tax under the repealed Act.

The registered dealer who is claiming the Input Tax Credit to whom such Input Tax Credit is to be allowed shall, prove to the satisfaction of the appropriate assessing authority that the goods so purchased were liable to tax under the Repealed Act at the hands of the selling registered dealer. Tax shall be calculated as the case may be, on Input Tax Credit equal to the amount of tax so calculated shall be claimed by or be allowed to the registered dealer, on furnishing of the details of stock by him as on 31/03/2005 in form 61.

Provided that no tax credit under this Rule shall be allowed unless :-

- (a) The dealer has in his possession, sale vouchers issued by a dealer registered under the Repealed Act against the purchase of the said goods; and
- (b) the amount of tax the goods who have suffered tax is indicated separately on the said vouchers.

Explanation - The expression “*turnover*” used in the formula given means the turnover of the goods at the hands of the selling registered dealer from whom the tax paid goods relating to which Input Tax Credit is claimed by the registered dealer, had been purchased.