DVAT Tax Proposals

1. As a major relief to small traders, the threshold limit for Registration under VAT has been proposed to be raised from ` 10 lakh to ` 20 lakh.

2. A new composition scheme is to come into effect from April 1, 2013, under which dealers would be allowed to pay a tax based on their overall turnover. This scheme will enable the Works Contract dealers to discharge their tax liability in a simplified and hassle-free manner.

3. The item ‘Organic manure’ produced by processing of Municipal Solid Waste (MSW) is not taxable under the Delhi VAT Act. The Refuse Derived Fuel, which can be an input for energy production, presently taxed at 12.5% is proposed to be exempted.

4. In order to encourage the use of malba in the manufacturing of tiles and kerbstones, it is proposed to exempt levy of VAT on tiles and kerbstones made from construction malba.

5. LED lights save power and help to improve the environment. It is proposed to reduce the rate of tax on LED lights from 12.5% to 5%.

6. Desi Ghee attracts VAT @ 12.5%. Butter, being a substitute of Desi Ghee, is being charged VAT @ 5%. VAT on Desi Ghee is proposed to be reduced from 12.5% to 5%.

7. Following items are also proposed to be exempted from levy of VAT:
   - Chilly spray used for self-defence,
   - Singhara, Kuttu and their atta, Sendha Namak used by people during fast
   - Empty pencil/geometry box and also on charki and manza used for flying kites
   - organic gulal and organic colours
   - All types of footwear having MRP up to rupees five hundred provided that the MRP is indelibly marked or embossed on the footwear itself.

8. To encourage dealers to voluntarily admit their tax liability, it is proposed that, subject to depositing the tax due, penalties upto 80% of admitted tax would be automatically mitigated, even in cases where field inspections are carried out.

9. For better tax administration, it is proposed to keep a uniform tax period for all the dealers irrespective of their turnover, i.e. quarterly. The dealers will now have to file only four returns yearly instead of twelve returns.

10. To simplify setting up of business in Delhi and improving transparency, it is proposed to introduce a new facility of online registration under the Delhi Value Added Tax Act and the Central Sales Tax Act under which, entire chain of events including registration, filing of returns, payment of tax, downloading of Central Statutory Forms and Self-Assessment will henceforth be effected online.

11. For improving efficiency and transparency in the tax regime, a new facility of online registration under the Delhi Value Added Tax Act and the Central Sales Tax Act has been introduced with the objective to reduce the physical interface between the Taxman and the Tax-payer.