

VAT & WCT IN UTTARAKHAND

Advocate Dinesh S Negi

1. Purchases from dealers who are situated outside Uttarakhand state.

Issue road permit for entry in Uttarakhand state.

The consignment which is to be received by you in Uttarakhand from the other States. Goods to be accompanied by road permit in form No. XVI. The road permit in form No. XVI need to be given by you to supplier before dispatch of goods. The necessary information regarding the consignment details, name of transporter, LR No. etc. to be filled by the supplier. Transporter shall before entering into the State prepare and submit online information in a prescribed form trip sheet and shall carry him, copy of such trip sheet. Form XVI need to be collected by you from the transporter along with copy of trip sheet.

After the month ending form XVIII (D) / Form XVIII (E) is to be submitted within a week.

2. Sales tax on Purchases from outside Uttarakhand State

Such purchases are governed by Central Sales Tax Act and the applicable rate at present is 2% CST against 'C' form for the material which is going to be resold or used by you directly or indirectly in manufacturing of finished taxable goods for sale. As such for all the raw materials, plant machinery and parts thereof, packing material, the applicable rate of tax is 2% CST against C form.

Certain goods such as plant and machinery, Dies and moulds, factory equipment etc. are allowed to be purchased @ 2% CST against C form. Items such as vehicles, office equipments, building material for construction i.e cement, steel, bricks, etc. can not be purchased against form C. For such type of material schedule rate of tax of the state from which the goods are dispatched is applicable.

3. Purchases from dealers who are situated in side Uttarakhand state.

The purchases made from suppliers who are situated in Uttarakhand state are governed by Uttarakhand VAT Act.

The VAT rates of Uttarakhand state are applicable as per the rate schedules e.g. (5 % for steel, 13.5% cement and 13.5 % others). However, since you are a manufacturing unit, you have been granted recognition certificate, Hence you can purchase the specified material on concessional rate of tax i.e @ 2% against form XI. The specified material is the material

NEGI & ASSOCIATES.

D.S NEGI

ADVOCATE & TAXATION CONSULTANTS

B.Com, M.Com, LL.B, AIBE (BCI)

required for use in the manufacture of taxable goods i.e capital goods (Plant, Machinery and Equipments-Pollution control equipments, Quality control equipments, Laboratory equipments) and raw materials, processing materials, consumable store, spares parts, accessories, components, sub assemblies, fuels or lubricants and packing material.

For such type of material purchase your purchase order/schedule agreement raised on supplier should specifically mention sales tax terms as “supply Against form XI VAT @ 2%” So that full rate of tax is not to be charged by the supplier.

Material for construction such as cement, steel, bricks, sand, can not be purchased under Recognition certificate and the applicable full VAT rate is payable for such types of material.

If you are Stock Transferring your finished goods to other states otherwise than by way of sales than, do not take benefit of Recognition Certificate, rather pay full tax on purchases of such goods.

4. Works Contract

The contracts such as Building constructing, manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair or commissioning of any movable or immovable property. Would fall under works contract. As per Uttarakhand VAT Act while making payment to the contractor WCT TDS@ 6% is required to be deducted. If contractor opts for composition scheme and obtains an order in your favour than deduct WCT / TDS accordingly.

Similarly you have to deduct TDS under Vat on payment against transfer of right to use any goods for any purpose @ 4%. Return of WCT, should be submitted quarterly before 20th of next month after quarter ending online in form III (A) Amended.

For this purpose you have to obtain T-DAN No. from the department.

5. Input Tax Credit

Input tax credit shall be allowed only to the registered dealer for the goods purchased within the state for manufacturing of taxable goods as Raw material, Consumables, Containers, Packing material and Capital goods (plant, machinery, equipments- laboratory, pollution control, quality control) excluding civil structure, construction, motor cars, accessories or spare parts, goods used in generation of energy / power, goods have been already used or acquired for use in any other factory or workshop in India.

6. Accounts to be maintained-

NEGI & ASSOCIATES.

D.S NEGI

ADVOCATE & TAXATION CONSULTANTS

B.Com, M.Com, LL.B, AIBE (BCI)

- a- Register of sales in form XXVIII separately for local sale, central sale, export, stock transfer, sales of special category goods to be maintained.
- b- Register of purchases in form XXIX separately for local purchases, central purchases, stock transfer, purchases of special category goods, capital goods on which ITC is to be claimed, etc. to be maintained.
- c- True and correct account showing and value of goods purchased, manufactured, sold or supplied to be maintained
- d- Manufacturer has to maintain stock books in respect of raw material as well as finished products obtained.
- e- Account books such as sale invoice, debit / credit memo's, voucher relating to production, stocks purchases, deliveries and sales shall be retained for a period of six years.
- f- In case of dealer who maintains accounts in a computer shall prepare floppies of accounts, He shall also maintain day to day printout of all such accounts.
- g- Record of certificate or declaration prescribed under the Act to be maintained in Form XII.
- h- Record of certificate or declaration prescribed under the CST Act to be maintained in Form IV and Form V.

7. Sale invoice shall contain-

- a- Name, address and Tin of the selling registered dealer and purchasing dealer.
- b- An individual serialized no. and the date on which the sale invoice issued.
- c- Description, quality, Volume and value of good sold and amount of tax charged thereon indicated separately.
- d- Signature of the selling dealer or his manager, agent or employee duly authorized by him
- e- Vehicle no. to be recorded by the person transporting the goods on the sales invoice.
- f- Sale invoice shall be issued in triplicate, original to the purchaser- first copy to person taking delivery second

NEGI & ASSOCIATES.

D.S NEGI

ADVOCATE & TAXATION CONSULTANTS

B.Com, M.Com, LL.B, AIBE (BCI)

g- Copy to be retained. Sale invoice shall also, before being issued, be authenticated by the dealer or his authorized signatory.

8. Requirements for Annual Return

- a- Particulars of turnover of purchase, sale and other transactions and value of opening and closing stocks;
- b- Portions marked "Original" of such declarations, certificates and such other evidence on which such dealer relies in of his returns;
- c- Computation of his own assessment of amount of tax due from him on the basis of such returns including claim for input tax credit;
- d- Proof of payment of the additional amount of tax admitted as due and interest due as per his own calculation; and
- e- Annexures 001 to 32 (which are applicable to you).Such other particulars, document and statements as may be prescribed.
- f- Income assessed during the last three years along with copies of income Tax assessment orders.
- g- A copy of chart of computation of Income Tax Credit.
- h- Copies of Trading Account, Profit and Loss Account, Balance Sheet and Stock Inventory of the relevant accounting year.

9. Miscellaneous

- a- Tax should be deposited monthly before 20th on line through e-payment.
- b- Return of Vat should be submitted quarterly before 20th of next month after quarter ending in form III Amended online.
- c- ITC chart for the previous year to be submitted before 20th April.
- d- Annual Statement of Admitted Tax Liability to be submitted before 25th June.
- e- Audit Report (dealers having turnover between Rs. 40 lacs to 1crore) shall be submitted alongwith annual return.

NEGI & ASSOCIATES.

D.S NEGI

ADVOCATE & TAXATION CONSULTANTS

B.Com, M.Com, LL.B, AIBE (BCI)

- f- Vat audit (dealers having turnover more than 1crore) should be completed before 20th December
- g- Vat audit report (dealers having turnover between Rs. 40 lacs to 1crore) should be submitted alongwith annual return before 20th December.
- h- Annual return should be submitted before 20th of December.
- i- If payment of tax is delayed beyond the time allowed, the dealer shall be liable to pay interest at 15 % Per Annum. From the date of default till the date of payment in addition to penalty or late fee as the case may be.
- j- In case of change in constitution / Board of director / Partnership / nature of business / places etc. intimation to be submitted within the 30 days of the occurrence of the event.
- k- Do not purchase anything from the unregistered dealer within the state otherwise you have to pay tax on the price of that goods according to the rate of tax applicable on that goods and input tax credit will not be available to you.
- l- Always check your registration under CST and Recognition certificate before issuing form C and form XI.
- m- Do not stock transfer your finished goods reason being input tax credit on the purchases of goods purchased locally against Form XI shall be reversed. And amount equal to 2% on stock transfer value shall be payable.
- n- Every return to be signed and verified by the person authorized to sign the application for registration or in his absence by some person duly authorized by him in this behalf.
- o- Submission of Form F on monthly basis is mandatory for goods sent or received for job work out side Uttarakhand or goods returned out side Uttarakhand or stock transfer outside alongwith proof of dispatch etc.
- p- Manufacturing units situated in notified area have to pay CST @ 1% against Form C for five years who have started their production before 31.03.2010.
- q- Submission of Form C on quarterly basis is mandatory for central sales.
- r- If your tax liability is nil you have to submit form VI (A).