OVERVIEW OF VAT RETURNS

G. RAMAKISHAN RAO
DEPUTY COMMISSIONER(ST)

Topics For Discussion

- Analysis of VAT Returns.
- Returns filing by VAT Dealers.
- Focus on VAT 200 Return.
- Brief note on TOT Returns.
- Relevant Sections and Rules.
- Tax Payments .
- Penal Provisions

Types Of VAT Dealers

- Regular VAT Dealers.

  --- Based on Turnover Limit.

- Compulsory Registered VAT Dealers.

  ---No Turnover Limit.

  ---Based on nature of Transactions .

Who has to file VAT Returns?

- A Dealer whose taxable turnover is more than Rs.50Lakhs in twelve preceding months.
- Importing goods from other countries.
- Registered under the CST Act.
- Non-Resident Principals.
- All agents doing business on behalf of Resident Principals.

- Dealer availing

    ---Sales Tax Deferment or
    ---Sales Tax Holiday.

- Works Contract Dealers

    ---Opted for Composition or
    ---Contract value >Rs.7,50,000/- executing for State Govt. or Local Authority.

Importance of VAT Return:

- A VAT Return of a Dealer gives :
  - --Basic Details.
  - --Nature of Business.
  - -- Nature of Transactions.
  - -- Volume of Business.
- VAT Return is
  - --- A Self Assessment Return.
  - ---Registered dealer files.

- The return is filed for a Calendar Month.
- Return shall be filed within 20 days after the end of the tax period.

- Ex: January -2015 return shall be filed on or before 20th of February-2015 .

- "Nil" Return to be filed when there are no transactions.

Important VAT Returns

- VAT 200 Monthly Return.
- VAT 200 -A Return.
- VAT 200 -B Return.

  --- To be filed in March .
- VAT 200 -C Return.

  ---Final Return .

  --- On Cancellation of Registration.
- VAT 213 Return.

  --- Revised Return.

Overview of VAT 200 Monthly Return

- VAT 200 Return Contains:
    I. Basic details of dealer
    II. Purchases(Inputs) details.
    III. Sales (Output)   details.
    IV. Tax Liability.
    V. Payment/ Adjustment details.
    VI. Self Declaration of dealer.

I. **Basic Details include:**

--TIN of the dealer

-- Period of the Return.

-- Name of the Firm.

-- Address details.

II. **Purchases (Inputs) details include :**

-- Exempt/Non- Creditable Purchases.

-- 5 % Purchases (Col.7).

-- 14.5% Purchases (Col.8).

-- 1% Purchases (Col .9) .

-- Special Rate Purchases (Col.10).

- <u>Exempt/Non- Creditable Purchases Include:</u>

    -Purchases from Un –registered Dealers.

    - Purchase of Schedule-I Goods (Exempted).

    - Purchases from TOT dealers.

    -Purchases from Other States.

    - Import Purchases.

    - Negative List Goods purchases (Rule 20).

    - Works Contractor under Composition.

- Restrictions as per Section 13.

Other Purchases :

-- 5 % Purchases (Schedule IV Goods).

-- 14.5% Purchases (Schedule V Goods)

-- 1% Purchases (Schedule III Goods)

-- Special Rate Purchases (Schedule VI Goods).

- Schedule IV (5%)contains 130 (Approx.) Entries.
- Schedule V is a Residuary Entry.
  -- Standard Rate of Tax @14.5%.
  -- All goods other than Schedule I,III,IV & VI.
- Schedule III (1%) Contains :
  -- Jewellary, Bullion and Platinum etc.
- Schedule VI Contains Special Rates.
  -- Liquor, Petrol, Diesel ,Cigarettes , Gutkha etc..
- Total Amount of Input Tax (Col.11)
  = Sum of Cols.{5+7(B)+8(B)+9(B)}

III. **Sales (Output) details**:

- Exempt Sales (Col.12).
- Zero Rate Sales (Col.13).
  - --International Exports.
- CST Sales (Col.14).
- Tax due on purchase of Goods (Col.15)
  - --Section 4(4) of the VAT Act.

- 5% Rate Sales (Col.16).
- 14.5% Rate sales (Col.17).
- Special Rate Sales (Col.18).
- 1% Rate Sales (Col.19).
- Total Output Tax (Col.20)

  = Sum of Cols.{15(B)+16(B)+17(B)+19(B)}

IV. Payment /Tax Liability (Col 21):

- The Tax Liability is calculated as:

  = Output Tax- Input Tax

  Col. 21 = Col.20-Col.11 .
- If output tax is > input tax :

  --tax liability arises.
- If output tax is < input tax :

  -- No liability arises.

  -- input credit is available.

- <u>The excess input available can be:</u>

  -- Adjusted against CST liability;

  (Or)

  -- Can be claimed as a Refund ;

  (Or)

  -- Can be carried forward to next month.

Restriction of Input Tax Credit:

- The claim of Input Tax Credit is Subjected to :
  --- Provisions of Section 13 and
  --- Rule 20 of the VAT Act.

- Full ITC can be Claimed:
  --- If there are only Taxable Goods.

- A VAT dealer cannot claim full ITC if there are:
  --- Sale of Exempted Goods (Sch. I) + Taxable Goods (Or)
  --- Sale of Exempted Goods +Exempt Transactions   (Or)
  --- Sale of Exempted Goods +Taxable Goods+ Exempt Transactions.

Restriction of Input Tax Credit(Cont.)

- Such a Restriction is done by the :

  --- AXB/C Formula.

- Here, A= Input Tax Credit;

  B=Taxable Goods Turnover;

  C=Total Sales Turnover.

- Ex: M/s. XYZ, a Cotton Company purchased raw cotton of worth Rs.50,00,000/- from a registered VAT dealer. The company sold Cotton Yarn locally Rs.40,00,000/- and sent on Stock transfer to their unit in Vijayawada for Rs.60,00,000 /- . Calculate Eligible ITC.

- Solution:

  --Raw Cotton is taxable @ 5% .

- A=Original ITC=5000000X5%=Rs.2,50,000.
- B=Taxable Good(Cotton)Turnover = Rs.40,00,000.
- B’=Stock Transfer Turnover =Rs.60,00,000.
- C= Total Sales Turnover =B+B’= Rs. 1,00,00,000.
- Eligible ITC =AXB/C= {250000X4000000}/10000000 =Rs.1,00,000/-.

Other VAT Returns:

- **VAT 200 – A Return:**

  --Additional Monthly Return.

  --Adjustment of Input Tax Credit.

  --By applying AXB/ C Formula.

- **VAT 200-B Return:**

  --Additional Single Return.

  -- Adjustment for 12 Months.

  -- By applying AXB/C Formula.

  -- To be filed with March Return only.

- **<u>VAT 200 –C Return:</u>**

  --This is a Final Return.

  -- To be filed when Registration is cancelled

  -- ITC on available stock shall be paid back if there are no sales in that month.

- **<u>VAT 213 Return:</u>**

  --It is a Revised Return.

  -- Any errors can be rectified.

  -- Available for Monthly return.

  --Filed within Six (6) Months .

  -- From due date of Relevant Tax period.

Ex: Due date for filing of VAT 213 for the tax period of April - 2015 is 20.11.2015.

TOT Dealers:

- TOT Dealer Means:
  - -- Turnover Tax Dealer.
  - -- They have GRN Number.
  - -- For Small Turnovers.
  - -- Turnover limit is (Rs.7,50,000/-, Rs.50,00,000)
  - -- Turnover is calculated for 12 preceding months.

- TOT Dealer :

  -- Has to file Quarterly Returns in TOT 007.

  -- Within 30 days after the end of the Calendar quarter.

  -- Tax has to paid along with Return.

  -- No Input Tax Credit is available

Penal Provisions:

- Penalty for failure to file Return:

  -- A VAT dealer has to pay Rs.2500/- as Penalty if he fails to file NIL Return as per the provisions of the Act {Sec. 50(1)}.

  -- A TOT dealer has to pay Rs.500/- as Penalty if he fails to file NIL Return as per the provisions of the Act {Sec 50(2)}.

- Where a dealer files a return:

  -- after the last day of the month in which it is due, then

  -- a penalty of 15% tax due shall be payable.

  -- a reasonable opportunity shall be given.

Ex: Due date for filing of April-2015 return is May 20th & tax declared is Rs.10,00,000-00.

--If the dealer files return on 02-06-2015, then a penalty of Rs.1,50,000-00 shall be levied.

--An opportunity shall be given (Sec.50(3)).

- <u>Penalty for failure to pay tax when due</u>

  i) A penalty of 10% shall be payable by a dealer when:

  -- he files the return but

  -- fails to pay the tax due by the last day of the month in which it is due.

Ex: April-2015 return was filed on May 20th &tax declared is Rs.10,00,000-00. But tax was paid on 14.06.2015. Hence, penalty of Rs.1,00,000/- shall be payable.

- ii) A reasonable opportunity shall be given.

- **Interest for belated payments**:

  -- Interest of 1.25% is levied {Sec.22(2)}

  -- Per month it is calculated.

  -- Month means 30 days only.

  -- It is compulsory unlike Penalty.

  -- No need to give opportunity .

Formula for Interest Calculation:

=[{Tax Due} x{1.25%}x{ Number of Days delayed}]/30.

- Ex: Tax declared for April-2015 VAT return is Rs.10,00,000/-
  - Due date to pay tax is 20-05-2015 .
  - The dealer paid the tax on 09-06-2015.
  - Interest Payable ={10,00,000}x{1.25/100}X{20/30}=Rs.8333/-

All the Best.