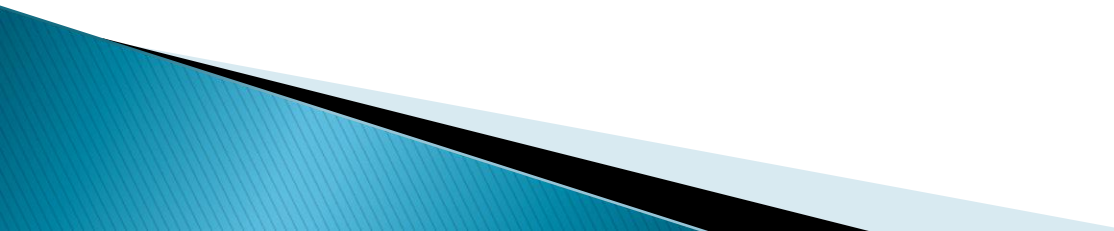


OVERVIEW OF VAT RETURNS

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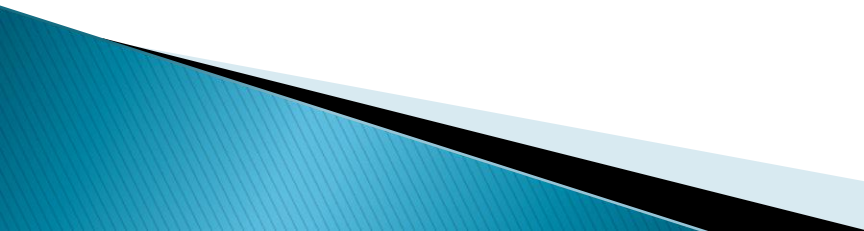
Topics For Discussion

- 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.
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➤ Dealer availing

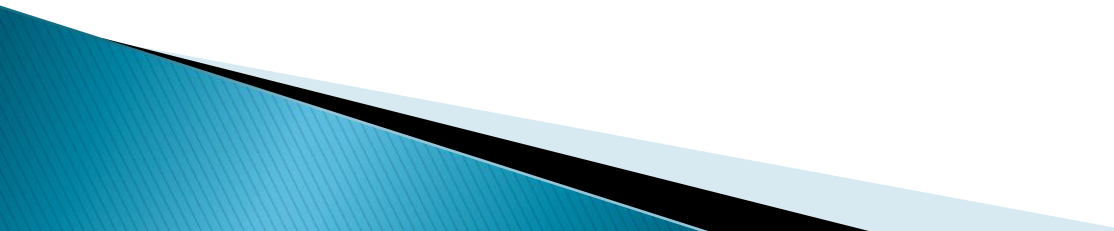
- Sales Tax Deferment or
- Sales Tax Holiday.

➤ 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.
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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.

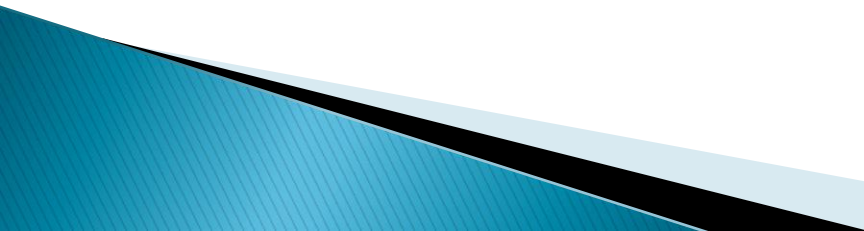
Overview of VAT 200 Monthly Return

- 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).
- 

➤ Exempt/Non- Creditable Purchases Include:

- 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 :
 - Jewellery, 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.

➤ The excess input available can be:

-- 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% .

- $A = \text{Original ITC} = 5000000 \times 5\% = \text{Rs. } 2,50,000.$
- $B = \text{Taxable Good (Cotton) Turnover} = \text{Rs. } 40,00,000.$
- $B' = \text{Stock Transfer Turnover} = \text{Rs. } 60,00,000.$
- $C = \text{Total Sales Turnover} = B + B' = \text{Rs. } 1,00,00,000.$
- $\text{Eligible ITC} = \frac{A \times B}{C} = \frac{\{250000 \times 4000000\}}{10000000} = \text{Rs. } 1,00,000/-.$

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.

➤ **VAT 200 –C Return:**

- 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.

➤ **VAT 213 Return:**

- 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 be 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)).

➤ Penalty for failure to pay tax when due

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:

$$= [\{ \text{Tax Due} \} \times \{ 1.25\% \} \times \{ \text{Number of Days delayed} \}] / 30.$$

➤ 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

$$= \{ 10,00,000 \} \times \{ 1.25/100 \} \times \{ 20/30 \} = \text{Rs.8333/-}$$

All the Best.