



OVERVIEW OF VAT ACT

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ADDITIONAL COMMR STATE TAX

OBJECTIVES


- To get a broad idea of the VAT Act
- To learn about the four pillars of VAT Act
- To get familiarized with the important aspects of the Act
- How to read and understand the Act

OUTLINE

- Definitions and their importance
- Four pillars
- Schedules
- Refunds
- Other provisions
- Powers of Officers
- Questions


DEFINITIONS


- Purpose of definitions
- Helps in identifying—who, what, when, where etc
- Key to administering the Act
- Examples--“Government”, “Output Tax”


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- **Output Tax**
 - means the tax paid or payable by a VAT dealer whether by himself or through his agent on the sale of goods to another VAT dealer or any other person
 - **Government**
 - means the State Government of Telangana

IMPORTANT DEFINITIONS

- Dealer
 - buys, sells, supplies, distributes
 - goods
 - cash or deferred payment
 - including works contract, hire purchase
 - includes club, society, huf


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- **Business**
 - trade, commerce, manufacture
 - with or without profit
 - transaction incidental or ancillary
 - includes sale/purchase of capital goods


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- Goods
 - movable property
 - excludes newspapers, stocks, shares
 - includes goods involved in works contract


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- Sale
 - --transfer of property in goods
 - --in the course of business
 - --for cash, deferred payment or other valuable consideration
 - --includes hire purchase
 - --includes works contract
 - --includes supply of food or drink


FOUR PILLARS


- Registration
- Returns
- Audit
- Assessment

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- Registration
 - -- first point of contact with the dealer
 - --capturing of essential details important
 - --need to be vigilant about bogus registrations
 - --unwanted registrations are a burden

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- Registration
 - --who needs to be registered
 - --different types of registration
 - --threshold limits
 - --when to register
 - --relation between registration and tax liability

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- Returns
 - --periodical
 - --self compliance by dealers
 - --valuable source of information
 - --default/wrong filing may lead to audit/assessment

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- Audit
 - --scrutiny of records
 - --inspection of goods, stock
 - --determines the correctness of dealer's declarations
 - --comparison with other statutory declarations
 - --various trails can be investigated

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- Assessment
 - -- a summary of the scrutiny/audit
 - --determines if any tax is not paid/under paid
 - --gives a conclusion to the proceedings
 - --important tool for the department for revenue generation
 - --need to be fair and clear

SCHEDULES

- VI Schedules
- Exempt goods
- Zero rated transactions
- Goods taxable @ 1%
- Goods taxable @5%
- Goods taxable @ 14.5 %
- Goods taxable at special rates

REFUNDS

- Why refund?
- Time limits for claim
- What to do when a claim is filed?
- Time limits for processing claim
- Checks/crosschecks
- Adjustment of arrears against refund

OTHER PROVISIONS

- Tax invoices
- Revision/reassessment
- Vehicular traffic check/transporter check
- Appeal
- Penalties
- Recovery of arrears
- Revenue recovery act
- Advance Rulings

POWERS OF OFFICERS

- Inspection of office/godown/business place
- Search of house
- Summoning books/documents
- Access & seizure of records
- Summoning witnesses

QUESTIONS

- 'A', a doctor sells his Benz car for Rs 35 lakhs. What is his liability under VAT Act?
- A DSTO has identified certain evasion in a firm. What should be his course of action?
- Who pays VAT to the government—dealer or the consumer?



ALL THE BEST