

**HARYANA
BUDGET
MARCH-2016
Some
Suggestions**

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1. PLY BOARD INDUSTRY

The taxation of ply-board industry in the State is an area requiring attention.

The production data of the industry suggests that the VAT might not have been captured correctly – as a broad view, the production data for each machine in a standard factory and an average market price of Rs.40 per sq. ft. of a ply, the **output value should be Rs. 6.45 Cr. while usually the factories declare less than 1.5 Cr. of turnover.**

Though there is a composition scheme in Haryana for ply-board industry – tax is levied on per machine basis, our view is that there is a need to look into present taxation scheme and its appropriateness.

2. CONSTRUCTION INDUSTRY

Presently there are some clauses in relation of taxation of construction which are **ambiguous** because of which much amount is under dispute or may get into dispute.

For example, definition of '**receivables**' on which tax is to be levied – has been a point of dispute as to which period the receivables should relate. Simplification and clarity in the law on such points may improve ease of business and also bring funds.

2. CONSTRUCTION INDUSTRY

SOME CONTENTIOUS ISSUES

1. POT for taxing the value of goods in case of amount is received in **installments**.
2. Additional tax liability @ 4% on **Central/ Imports** procurements.
3. **ITC** may be allowed prior to the date of registration.
4. Contractor/ Sub-contractor both may not be made liable for tax.
[L&T-SC]
5. Methods of valuation in case of **long term contracts**. [Rule 7]
6. Deduction of **land value** should be deducted proportionately over the terms of contract. [Rule 25(5)]
7. **Labor charges** should be allowed on actual basis also. [Rule 25(2)]

3. INFORMATION FOR ALL INTER-STATE (INWARD) MOVEMENT OF GOODS

Provisions should be enacted for the purposes of giving **online information** of all inter-State (inward) physical movement of goods by all registered dealers irrespective of their turnover.

It is suggested that it may be implemented in phase wise manner.

4. E-COMMERCE INFORMATION IN THE RETURN

Provisions should be enacted in return form to give rate wise details of sales conducted through e-commerce web portals. **E-commerce web portals** should be made liable to get them registered with the Department of VAT and to furnish return to give information of the purchase/sales made through them of Haryana dealers.

5. REGISTRATION OF BANQUET HALLS

Provisions should be enacted so that the details of function to be organized in the **Banquet Halls**, Farm Houses, Marriage/ Party Halls, Hotels, Open Ground etc. where food and/or liquor items are to be supplied and cost of booking exceeds Rs. 1 lakh per function shall be submitted by the owner/ lessee of the venue through a **return Form** at least 3 days before the start of the fortnight.

6. CONSUMPTION OF ELECTRICITY VIZ-A-VIZ GTO OF A DEALER

It is recommended that a suitable mechanism may be developed where the consumption of electricity may be cross checked with the GTO of a dealer.

The **electricity supply utilities** may be directed **to obtain TIN** of a dealer in those cases where the consumption of electricity is above a threshold and the same may be reported to the Commissioner VAT. Many units who are either not registered or under stating their GTO may be captured.

7. AMNESTY SCHEME FOR PENDING LITIGATION

The Govt. may bring Amnesty Scheme for **pending litigations**, wherein a litigant could pay tax and interest as per the assessment order. It can also contain a specific mechanism to compute tax liability in the cases of works contractors @ 1% and 3% (who opt to exclude the value of land).

8. CONCEPT OF PURCHASE/SALES MISMATCH

The Govt. may devise a concept of **verification of ITC/ Output tax/ sales/ purchase** of buying and selling dealers on the basis information in the returns.

This not only checks the claim of eligibility of Input Tax Credit but also brings a check on refunds.

This would require a strong IT base.

9. REFUNDS SUBJECT TO GR VERIFICATION

The Commissioner VAT, may direct its officers to verify by deputing inspector(s) the GR's in those cases **where refund is due** for reasons that the dealer has purchased locally and made sales inter-State against Central Statutory Forms. This will **prevent bogus refunds** in those cases where goods have not been delivered inter-State.

10. PROVISIONS OF AUDIT

Provisions may be enacted that may provide a comprehensive scope for **Annual Audit** (on the lines of Maharashtra)/ **Audit** to be carried for assesseees above specified threshold by Chartered Accountants which will give benefit of:

1. Consolidated financial record of assessee/dealer
2. Capping of revenue leakage
3. Coverage of cases not covered in scrutiny
4. Benefit to assessee



THANK YOU

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