



Tax Review

Delhi Value Added Tax Update

June 2011 - Update 1



Delhi Value Added Tax

- Department of Trade & Taxes, Delhi has recently issued two circulars:
 - Circular No 2, dated 09th June, 2011- Framing Time Schedule for assessments under Central Sales Tax Act, 1956 ('CST')
 - Corrigendum to Circular No 2 of 2011-12- Revised Time Schedule for assessments under Central Sales Tax Act, 1956
 - Circular No 3, dated 10th June, 2011- Applicability of amendment in Section 9(2)(g) and Section 10(5) of Delhi Value Added Tax Act, 2004 ('DVAT') and filing of Annexure 2A & 2B alongwith Form DVAT 16.
 - Circular No 4, dated 14th June, 2011- Clarification regarding Input Tax Credit(ITC)

CIRCULAR NO 2 OF 2011-2012, DATED 09TH JUNE, 2011

- The Department vide the above noted circular has framed the time schedule for completing the assessment of deficient central statutory forms as under:

S.No.	Assessment Year	Quarter	Date by which assessments to be completed
1	2007-2008	Qtr II Qtr III & Qtr IV	30/06/2011 30/09/2011
2	2008-2009	All Quarters	31/12/2011
3	2009-2010	All Quarters	31/03/2012
4	2010-2011	All Quarters	30/06/2012

The Assessing Authority (VATO) while assessing the Forms, could also assess other aspects like scrutiny of balance sheet, timely filing of returns, timely payment of taxes, availment and utilisation of tax credit etc.

- The Dealers who are not engaged in Central Sale in the above stated period/year, no reconciliation is required.

CORRIGENDUM TO CIRCULAR NO 2 OF 2011-2012, DATED 22nd JUNE, 2011

- It is apprised that the Department vide the above noted corrigendum to the circular no 2 of 2011-12, has revised the time schedule for completing the assessment of deficient central statutory forms as under:

S.No.	Assessment Year	Quarter	Date by which assessments to be completed
1	2007-2008	Qtr II Qtr III & Qtr IV	31/07/2011* 31/10/2011*
2	2008-2009	All Quarters	31/12/2011
3	2009-2010	All Quarters	31/03/2012
4	2010-2011	All Quarters	30/06/2012

*Revised Dates.

CIRCULAR NO 3 OF 2011-2012, DATED 10TH JUNE, 2011

- The Department vide the above noted circular has issued the following clarifications:

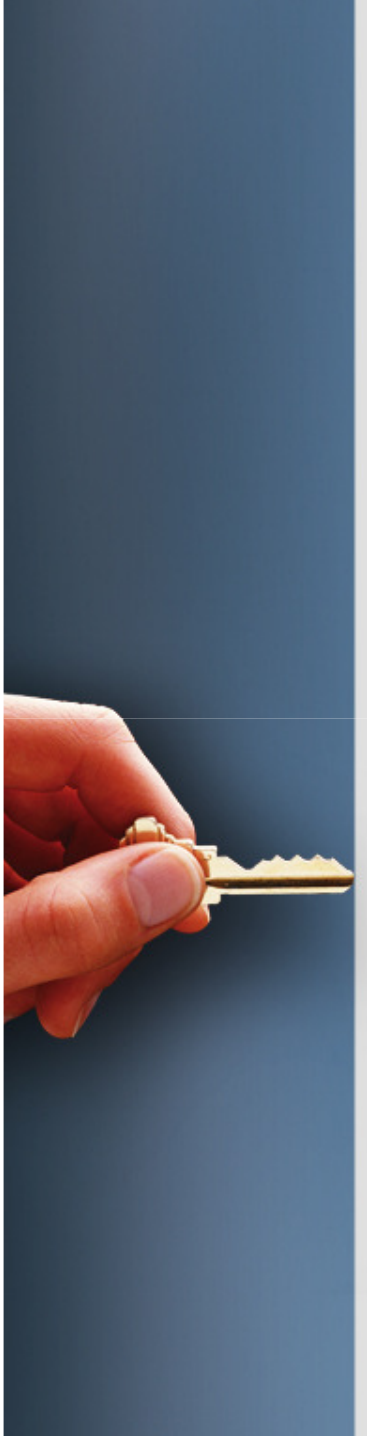
Annexure 2A & 2B

- Vide Notification No F.3(27)/Fin.(T&E)/2009-10/asf/99, dated 07.05.2010, annexure 2A & 2B were added to DVAT Return. However, the same was deferred by subsequent various Circulars issued by the Department.
- Vide Circular No 3 of 2011-12, filing of Annexure 2A & 2B alongwith DVAT Return has made effective from the Date of Notification ie., 07.05.2010.
- Annexure 2A- Summary of Purchase & Annexure 2B- Summary of Sale

Section 9(2)(g) & Section 10(5)

- Section 9(2)(g) & 10(5) was inserted vide Notification No F.14(16)/LA-2009/LJ/10/lclaw/1, dated 06.01.2010. However, the same were deferred vide subsequent Circulars issued by the Department. Now vide Circular No 3 of 2011-12, Section 9(2)(g) & 10(5) stands implemented w.e.f. 01.04.2010.
- Section 9(2)(g) lays down that input tax credit on purchase would only be allowed if the tax paid by the purchasing dealer has actually been deposited by the selling dealer or has been lawfully adjusted against its output tax liability.
- Section 10(5) lays down that where the goods purchased by a dealer are sold at a price lower than the purchase price, the tax credit on such purchases shall be reduced proportionately in the tax period during which the goods are sold





- However, it is apprised that a recommendation has been made to the Commissioner VAT to give effect to the above noted amendments with effect from the filing of returns on and after 10th June, 2011. The understanding is subject to a relevant circular which is still awaited.

CIRCULAR NO 4 OF 2011-2012, DATED 14TH JUNE, 2011

- The Department vide the above noted circular has clarified that the bifurcation of excess Input Tax Credit(ITC) in returns by claiming the portion of ITC as 'Refund' and remaining portion as 'carry forward to next tax period' in DVAT returns is incorrect . A dealer can either elect to claim the excess ITC as 'Refund' or can 'Carry Forward' the excess amount of ITC to the next tax period.



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