



Tax Review

Delhi Value Added Tax Update

May 2011 - Update 1



Delhi Value Added Tax

- Department of Trade & Taxes, Delhi has issued a circular No 1, dated 02nd May, 2011.
- The Circular clarifies that the Dealer/assessee should continue to file its DVAT Returns without taking into consideration the calculation of the ITC(Input Tax Credit) to be carried forward on the closing stock.
- It is appraised that vide Notification No F.3(23)/Fin.(T&E)/2009-10/JS/Fin/287 dated 1st April, 2010, the Government had amended Section 9(1) of the DVAT Act, 2004 and had also introduced Rule 6A in the Delhi Value Added Tax Rules, 2005 whereby a tax credit in respect of turnover of purchase occurring during the tax period shall not be allowed at the time of purchase, but it shall be allowed to the extent of proportion of the goods which have been put to sale. In other words, input tax credit on the closing stock held with the dealer at the end of every tax period shall be carried forward to the next tax period, till such stock is sold by the dealer. However, this amendment has not yet been enforced and vide circular No 1, dated 02nd May, 2011 it has further been deferred as the same is under consideration of the Government.



MGS Advisors
Management Consultants
Assurance . Tax . Legal . Project Finance . IT
25 UB, Jawahar Nagar (Kamla Nagar)
Delhi - 110007.
+91 11 45870313
+91 98115 05272
shashank@mgsadvisors.com

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