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Secretariat Annexe, Lucknow

Shri Anil Sant, I.A.S,
Commissioner
Commercial Tax, U.P.
Vibhuti Khand, Gomti Nagar,
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Subject: Assessment of VAT Returns and feed back to the dealers for better revenue realisation and effective implementation of VAT.

Sir,

VAT has been introduced as an absolutely new system in the State. As such during the first year of its implementation shortcomings/defects are bound to occur in filing of returns. If the dealers are educated to remove these defects well in time, the revenue of the department will increase, litigations will be minimised and the VAT System will be implemented effectively. This will be possible only if the first return filed by all the dealers is checked immediately and feedback is provided to them to correct the shortcoming.

However, it is reliably learnt that the Officers in the Commercial Tax Department are busy in disposing off the old Trade Tax Cases and till this pendency is cleared, the VAT return cases will not be taken up. It is also learnt that clearing the pendency of old Trade Tax cases may take long time and by the time it is cleared the mistakes in filing the VAT returns will multiply. We therefore submit the following for your kind consideration :-

1. That the Pendency of old Trade Tax Cases is liquidated by accepting the returns version of the dealer except for serious evasion report against particulars few dealers, through a notification. It is reliably learnt that the same had already been done in West Bengal (Few years back) to remove the abuse of multiplying cases. The Deptt. of Trade Tax Repeatedly abridged the "Limitation Period" of Assessment cases from 4 to 3 years and then from 3 to 2 years.
2. That VAT returns of all the dealers in 1st year are checked instead of 20% as provided in the VAT System and dealers are educated to correct the mistakes so that when they file the next return, the dealers and the department both are at ease. As such the VAT system will start moving smoothly and the dealers too will have a sigh of relief as they will not face unnecessary notices after two or three years.

We hope you will find our proposal in the interest of better revenue collections, smooth implementation of VAT System and relief to honest tax payers.

Thanking you,

Yours truly

D.S. Verma
Executive Director