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17.3.2010

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**Sub:- Anomalies in VAT Schedule Rates vis-à-vis bordering states**  
Sir,

IIA had been making repeated requests to have a rational and pragmatic look at VAT Rate Schedule. Almost in all the schedule of 0%, 1% or 4% no components Parts, Spares, Accessories have been mentioned. Whereas in old UPTT schedule and other state's schedule they find mention. Tax rates of components, Spares, Parts, Accessories different than the commodity and that too @ 12.5% will render the taxation principle meaningless.

Recently Utrakhnad our closest neighbour and competing state has issued Notification No. - 22/XXXVI(3)2010/76 (1)/2009, dated 7.1.2010 by virtue of which a new clause in section 4(3) of VAT Act has been added, which reads as under :-

“The rate of Tax on such parts, Spares and Accessories, which are not classified else where in the Principal Act, shall be the same as applicable under that commodity under said Act “ in this way they have thrashed out the amonaly. This provision is going to affect the UP Industry seriously and would have an adverse effect on our manufacture, trade and marketing.

Therefore, it will be in the interest of U.P. Industry, Trade as well as State revenue to incorporate similar provision in U.P. VAT Act. So that our Industry and Trade may not become teethless in face of neighbouring state.

Thanking you,  
Yours faithfully,

**D.S.Verma**  
**Executive Director**