

Shri Sunil Kumar, I.A.S
Commissioner,
Trade Tax U.P.
Trade Tax Bhawan, Vibhuti Khand,
Gomti Nagar, Lucknow

Subject : - Taxability "Natural Gas" under VAT.

Sir,

IIA has received representation from its Hon'ble Members regarding Excessive Taxability of Natural Gas which exclusively in an industrial Input as well as part & Parcel of Agra Industry. Following grounds of suggestion may kindly be considered which require your kind attention to undo the wrong :-

- i. That 13 commodities in the VAT schedule have been identified as Non-VAT goods and Natural Gas is included therein.
- ii. Under the VAT Act Provisions no Input Tax credit will be admissible on these Non-VAT goods, which means that Natural Gas use will also not fetch I.T.C. to Industry.
- iii. That in "Taj Trepezium " Agra the Pollution Control Norms & Standards do not allow the use of Coal or Coke as Industrial inputs as such the alternate left is only Natural Gas.
- iv. That as per Hon'ble Supreme Court Order Agra Dealers are not allowed to use Coal & Coke & the use of Natural Gas has been made compulsory for the Industries at Agra.
- v. That under VAT Act Coke & Coal have been Notified as Industrial Inputs, which will fetch them Input Tax Credit, whereas the compulsory Input of Agra Industries as Natural Gas, being Non-Vat Goods Input Tax Credit will not be available.
- vi. That Agra Industries are under the legal compulsion of Hon'ble Apex Court orders to use Natural gas instead of Coal & Coke. Therefore two different Norms for the parallel substitutes i.e. Coal & Coke Vs Natural Gas will be discriminatory.
- vii. Industries in other parts of the State are also switching over to use Natural Gas due to other reasons, as such these industries will also be affected badly due to this heavy tax burden.
- viii. That the Service Tax levied does fetch the Agra Industries the benefit of CENVAT credit.

Therefore it is requested that Natural Gas may kindly be deleted from the list of Non-VAT goods & be included in the list of Industrial Inputs. So that two parallel substitutes i.e. Coke & Coal Vs Natural Gas may kindly not be discriminated. This contradiction will give a great loss to the Industries because :-

- (a) The rate of Tax under VAT will be, for Coal & Coke 4% whereas for Natural Gas it will be 20% which will be 5 times higher in loading Inputs expenses in Agra.
- (b) That else where the Total of the Inputs used as Coal & Coke will be available for ITC, whereas in Agra it will not be given in the case of Natural Gas.

Hence it is requested that our genuine demand for deleting Natural Gas from Not VAT Goods & Taxing the same @ 4% as Industrial Input may kindly be addressed to strike a balance. So that Products of Agra may not be cost-high in comparison to other places.

Thanking you,

Yours truly,

D.S. Verma
Executive Director