

Ref No. 2bII/7228

12 March 2008

Shri Govindan Nair, I.A.S.,
Principal Secretary,
Commercial Tax
Govt of U.P.
Lucknow

Subject :- Levy of Tax on Parts, Components & Accessories of fire Arms, weapons and Ammunitions sold to ordinance Factories Govt. of India.

Dear Sir,

IIA has received a VAT proposal from its members regarding Tax on the aforesaid "Input". The parts, Accessories & components of the fire Arms have been placed in schedule IV @ 20% without parts etc. which will automatically go unclassified @ 12.5%.

While U.P. Trade Tax had given a concessional facility of purchase of these goods/Inputs u/s 4-B @ 2.5% and the states of West- Bengal, Maharashtra & Madhya Pradesh, the Major manufacturing provinces of such goods have retained parts, components & Accessories in "Input" list Taxable @ 4%. If this anomaly is not removed the other states will find it advantageous to push their goods inside our States @ 3% & subsequently 2% under C.S.T only & use them in process. The consequential impact on our state will be that our industries will die down. Since these parts, Accessories & components are manufactured in various Small & Medium Industries Numbering about 106 which will not be able to sustain the impact.

Therefore it is requested that the components, Accessories & spare parts of Fire Arms, weapons & Ammunitions be placed in schedule II as the Industrial Input Taxable @ 4% to help Small Industries to grow & flourish.

Thanking you,

Yours truly,

Rajat Mehra
Chairman VAT Committee