

Ref. 2b/7710

23 April 09

Shri Anil Sant I.A.S
Commissioner Commercial Tax, U.P.
Vibhuti Khand Gomti Nagar,
Lucknow

Subject: Removal of Anomalies of Notification NO. 9(295)07 Dt. 30/01/09.

Sir,

IIA has gone through the changes & modifications effected through the above notification in VAT Rules 08.

Rule 21(2)(b)(12)(added New) prescribes that no Input Tax credit will be allowed on Sale Invoice; whereas previously there was no bar.

This Rule, despite Commissioners unequivocal circular that any of the Invoices will be sufficient to prove the transaction is not in keeping with VAT spirit & background. In the same Rule Sub-Clause(3) this has been prescribed that no Input Tax Credit will be allowed if the Sale through Tax Invoice or Sale Invoice made issued without actual purchases of goods. This clearly means that Deptt conceives that Sale invoice is allowable for Tax Credit. Rule 44(3) also prescribes that any Invoice containing particulars of the seller & purchaser will be valid for any purpose of the Act. Which does also prescribe the allowability of I.T.C. on Sales Invoice.

With all the above anomalies this clause(12) of Rule 21 does not correspond & Comply the different prescriptions under other Rules & Directives as stated above.

The Seller has to sell his goods and cannot compel a purchaser to divulge the particulars he does not desire. Seller can also not ensure the value addition, if purchased goods are used for other purposes on which the Input Tax is not allowable. The object can be achieved through strengthening enforcement cell and intensive checking but genuine & tenable benefit should not be withdrawn with an intention to discriminate or expect a job from the seller which Deptt should ensure as a watch dog of State Revenue.

Therefore it is requested that Rule -21(2)(b)(12) may kindly be deleted being discriminatory & arbitrary.

Thanking you

Yours truly,

D.S. Verma
Executive Director