

**Submitted to : Principal Secretary Tax & Registration, Govt. of U.P.**  
**(2b/6791,dt. 19 June 07)**

**Withdrawal of Development Tax submitted to Principal Secretary Tax & Registration, Govt. of U.P**

In January 2005, Govt. of U.P. imposed Turnover Tax on Business & Industry in U.P., which was opposed by the Industry & Trade. As a result the then Govt. withdrew the Turnover Tax in Feb. 05. However another tax in the name of Development Tax of 1 % on the aggregate turnover exceeding Rs 50 lacs was imposed vide notification No. KA.NI-2-1153/XI-9(81)/91-U.P. Act-15-48-Order-(18)-2005, dated April 11,2005 (Photocopy enclosed for ready reference at **Annexure-I**).

As soon as the turnover tax was withdrawn and preparations for imposing an alternate tax i.e. Development Tax were being made by the Govt., Indian Industries Association (IIA) represented to the then Principal Secretary Tax & Registration with the request that Development Tax may not be imposed in the interest of Development of Industries in the State as well as the revenue of the Govt. (Copy of the letter is enclosed at **Annexure-II**).

Non implementation of VAT in the State and imposition of Development Tax has thrown Industries in U.P out of competition. As a result the sickness is on the increase and new investments are also not coming up to the extent it can be. The situation is required to be corrected immediately. As such we are approaching you with the request that the Development Tax may be withdrawn in the overall interest of Promotion of Industry in the State and also the revenue generation for the Govt.

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