

Ref No. 2b/7464

15 Oct. 2008

To,
Shri Ravinder Singh I.A.S
Principal Secretary
Chief Minister Secretariat
5th Floor, Annexe Bhawan, Lucknow

Subject: Request for meeting to resolve the issue of VAT Rate Hike and Entry Tax

Dear Sir,

Indian industries Association (IIA) has been advocating for the implementation of VAT System since beginning mainly because of its inherent principles of uniformity of taxes , transparency and suitability to law abiding people. As such IIA welcomed the decision of present State Government as soon as VAT System was implemented in the state.

However, the recent decision of the Govt. to increase the VAT rates of certain items and imposition of the entry tax is contrary to the basic principle of the VAT System. As such, since this decision was taken IIA has been representing at appropriate levels to review the decision in consultation with IIA. We did not receive any positive response at any level in a reasonable time hence we were compelled to submit a Memorandum to the Hon'ble Chief Minister as enclosed at **Annexure-I** on 6th October 2008 through a peaceful demonstration. We are sorry to inform you that in Lucknow IIA was not allowed to submit the Memorandum to Hon'ble CM and about 60 Industrialists were arrested .

We are now approaching you with the request that in the interest of promotion and development of Industries in U.P, building confidence among industrialists, encouraging investments, you may pursue our case with the Hon',ble Chief Minister . You are therefore requested to put up our following recommendations of IIA for immediate implementation:

1. Govt purchase by the Deptt. Undertaking & Corporations should be decided on basic price of the item (excluding all taxes & duties).
2. Entry Tax should be withdrawn.
3. In line with Utrakhnad the goods required for use in the manufacturer i.e. Capital Goods & Raw Materials, Spare Parts, Fuels and Packing Materials should be taxed at prevalent rate of Central Sales Tax prescribed under sub sec (1) of Sec-8 of the Central Act, 1956 and this tax should be Vatable. Govt. of Utrakhnad is providing this facility through a special form no. 11 and similar provision should be made by Govt of U.P. also. Copy of the Govt. of Utrakhnad VAT Act and amendments thereof are enclosed at **Annexure-II**.
4. All check posts should be revived to stop tax evasion and collection of form-38 should be done on the check posts only as was being done earlier.
5. VAT rates increase on 16 entries of schedule II & IV affecting industries should be withdrawn. The list is enclosed at **Annexure-III**.

We assure you that the implementation of above recommendations not only will help the industries but will help in the increase of Govt. revenue as well as goodwill. However , if immediate steps are not taken, large number of Industries will be closed down, unemployment will increase resulting in law and order problem and poverty enhancement

etc. You may also agree with us that if higher rate of taxes compared to other states are prevalent in U.P and Check posts are not strengthened the tax evasion tendencies will be on the rise.

We hope you will find our recommendations in order and will provide an opportunity to IIA Delegation to discuss the matter in details with you at the earliest possible.

Kindly convey your acceptance for the meeting and suitable date and time.

Thanking you,

Yours truly,

Praveen Sadana
President

Copy to :- Shri Sanjay Garg,
Chairman U.P. Commercial Tax,
Advisory Council,
Lucknow

Praveen Sadana