

Ref. No. 2bII/7133

10 January 2008

Shri Sunil Kumar, I.A.S,
Commissioner,
Commercial Tax,
Govt. of UP.,
Gomati Nagar, Lucknow.

Shri K. Chandramauli I.A.S
Principal Secretary,
Deptt of Commercial Tax,
Govt. of U.P. Lucknow

Subject: Continuation of “Moratorium & Holiday” under VAT for New Units as are already under scheme for a specified period (Under U.P.T.T.)

Sir,

IIA is concerned about the fact that no. any Notification has so far been issued allowing continuation of units under 4-A, which, were granted Holiday under time bound scheme(under UPTT). Our affected Members are regularly enquiring & complaining in this behalf.

It is worth mention that 4-A (under U.P.T.T. Act) units were to continue u/s sec 78 (VAT Act)”Transitory provisions”. The said section has been withdrawn & a new Section 42 “Deferment” has been provided under VAT wherein 4-A scheme has not specifically been mentioned; which has created ambiguity. Moreover no any Notification has so far been issued which makes the units suspicious as to how they are to issue bills or vouchers under VAT as the UPTT time limit of holiday is still left.

Therefore in the interest of Industry which has taken loans, planned the budget & fixed targets it is requested to expeditiously release the Notification & save them from being pushed back to losses & unnecessary embarrassment.

Thanking You

Yours truly,

D.S. Verma
Executive Director

The Principal Secretary,
Commercial Tax,
Sansthatag Vitta, Kar Evam Nibandhan Anubhag-2
Uttar Pradesh Shasan
Lucknow

Subject: Facility of 4-A under UPTT to continue under VAT Act

Sir,

It is to bring to your kind Notice that IIA has represented through its letter no. 2bII/7133 dated 10 Jan.08 (Copy enclosed at **Annexure-I**) to your goodself for the continuation of facility of 4-A "Holiday" to "New Unit" on the following grounds:-

- (i) That the scheme under 4-A of the UPTT Act was continuing under a specific plan package for a stipulated period of time in the various District. This facility under an Act was given under UPTT. Act for a period of several years beyond the date, the VAT Act was implemented. The Industries set up to avail this Holiday scheme had planned their package, taken "term-loan or finances from bank or other financial institution as identified under the Scheme.
- (ii) That considering the above state of affairs the Industries were assured to continue the facility till it was exhausted, availed or terminated and may even be substituted with a fresh scheme.
- (iii) That quite contrary to above assurance the provisions of a "Substitute" of 4-A of UPTT, no provision was incorporated in VAT Act 2007.
- (iv) That only the "Deferment" Scheme was incorporated in place of 4-A of UPTT which same parallel to original UPTT Act and was mainly to benefit the "Premier", Large or bigger Industries & unpopular amongst SME's.
- (v) That Deptt. has given an assurance to consider, maintain, continue or alternate the scheme under VAT Act, though the notification on 4-A has not been withdrawn so far.

But so far nothing has been done in this Respect & the Industries running under the scheme are forced to deposit the full amount of Taxes than agreed & ordered in writing.

This may cause extinction of many Industries & create acute financial problems, Debt recoveries & like-wise for the Industries which never had budgeted in this manner.

Therefore it is requested that :-

- (i) Substitution / alternate of 4-A of UPTT Act may kindly be incorporated in VAT Act.
- (ii) Old & already running scheme may kindly be granted legal status of its continuation & money recovered or got deposited over & above the scheme may be ordered refund thereof at the earliest.

IIA will be extremely grateful of this kind gesture to SMEs.

Thanking You

Yours truly,

D.S. Verma
Executive Director