

IIA PROPOSALS/REPRESENTATIONS ON RATE OF TAX UNDER U.P VAT ACT

Sno.	Items	Rate of Tax under UPTT	Rate under VAT	<u>Proposed Rate of Tax under VAT</u>	Rate of VAT in other States	Justification	Remarks
1	Accessories & Raw Material for products manufactured for Handicapped people such as Baisakhi, Wheel-Chair & Walker etc.	2% against form 3-B	12.5%	0% or Maxi. 4%	-	Representation submitted by M/s Arihant Enterprises Kanpur to The Commissioner Commercial Tax U.P. is enclosed at Annexure-	Detailed proposal at Annexure-I
2	Adhesive	8%	12.5%	4%	-	All the inputs for industries have been classified @4% but adhesive which is the essential requirement of construction as well other industries this has been left out as unclassified. Therefore may please also be taxed @4%. Letter no. 2bII/7120, dated 9 Jan 08 & 2bII/7231, dated 12 March 08 sent separately.	Detailed proposal at Annexure-II
3	Aluminium Sheet & Circle	-	12.5%	4%	4% in Delhi, Harayana and Uttranchal	To make Industries in the State competitive with the Industries of Outside the State.	
4	Biscuits	-	12.5%	0% or 4% at the maximum	4% in Tamilnadu & Assam	Cheap and Nutritious, ready to eat, easy to carry hygienically processed in Small Scale Industries by Poor Labour Getting Jobs in large numbers. The goods of the similar sphere are taxable @4% and even elite class goods like dry fruits are taxable @4%. Letter no. 2bII/7159 dated 24 Jan 08 sent separately.	Detailed proposal at Annexure-III
5	Cartridge of Computer Printer	-	-	-	-	Under I.T. Inputs the cartridge of Computer Printers are missing, which may kindly find mention specifically.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-IV
6	Cement, steel wire, crushes (river bid) stone metal (gitti) morang (sand), plastisizer, moulding/watering oil	10%	12.5%	4%	4%	These items do not find place in the schedule and are likely to be taxed as unclassified @12.5%. These items are the raw materials or the consumables of the & products mentioned in Cement, steel wire, crushes (river bid) stone metal (gitti) morang (sand), plastisizer, moulding/watering oil . These were allowed concetional rate under section 4-Bof the UPTT Act which has now been withdrawn therefore they may pleased be taxed as requested.	

7	Components, Parts, Accessories, Assemblies & sub-assemblies used in Final Industrial Products	-	Not specified clearly	-	-	These items may be subjected to the same rate as that of the Final Products. This is being followed in Central Excise Rules also. In VAT rate this provision has been introduced for few items only, may please be extended to all items.	
8	Copper Wire	-	-	-	-	In VAT Schedule all other wires have been named and mentioned, whereas copper wire has not been mentioned specifically. This may please find specific mention.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-V.
9	Corrugated Boxes	10%	Not specified clearly	4%	4% in Punjab	<ol style="list-style-type: none"> VAT rate schedule classify Packing Cases, Cartons and Boxes (Flattened or folded) of paper, paperboard @ 4%. Corrugated Boxes also need to be specified clearly in this entry to avoid ambiguity. It is a packing and raw material used in Ready Made Garments, Furniture, Industries whose direct sales to consumer is not more than 15-20 %. So far it received protection of Form 3-B under UPTT Act @ 2.5%. 	Either it should be clearly classified in the list.
10	Cotton	4%	4%	Exempt	Not quoted	Cotton is grown in other States such as Punjab, Haryana & Maharastra etc and is imported in our state by paying CST on it. Therefore for the convenient running of Yarn Spinning Mills, 0% VAT may kindly be levied on it. Letter no. 2bII/7100 dated 22/12/07 sent separately.	Detailed proposal at Annexure-VI
11	Cotton wastes yarn, manufactured on condenser cad machines.	10%	12.5%	0%	0%	Cotton yarn & silk yarn in hanks & cones @ 4% are taxable at 0%. All types of other yarns taxable at 4%. Cotton waste yarn is processed by poor weavers on handloom if discriminated the "BUNKAR" will suffer. Letter no. 2bII/7153, dated 18 Jan 08 sent separately.	Detailed proposal at Annexure-VII
12	Deshi Ghee	8%	Not specified clearly	Not exceeding 4%	4% in Rajasthan, Delhi, Haryana, Gujrat	<ol style="list-style-type: none"> VAT rate schedule classify Ghee @4% in general whereas under UPTT Desi Ghee was classified separately, therefore it may kindly be included clearly in VAT rate schedule also. To boost Rural Industry. To help Dairy farming. To give employment to Rural Labours 	
13	Diagnostic Equipments, & other such examination kits instruments & equipments used for medical treatment/diagnosis.	-	-	-	-	Drugs & Pharmaceuticals are taxable @ 4%, however there is no mention of the equipments kits & equipments of medical use in it. May please either be clearly classified with these goods or may separately be taxed @ 4%. A clarification may kindly be given on the point.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-VIII

14	Electrical Items for Generation, Transmission & Distribution of Electrical Energy	10%	12.5%	4%	-	<p>Since Notification 1283 dt. 12.07.06 was issued which benefited only Ex-UP. Dealers, the U.P. Dealers are facing extinction & representations have not been addressed. In the VAT rate scheduled also though items for Generation, Transmission and distribution are stated to be taxed at 4% yet number of items are either not clearly defined or are missing. It is requested to undo the harm & include the following items also clearly in 4% 'goods' & 'Inputs' suitably:-</p> <ol style="list-style-type: none"> 1. All electrical goods, instruments, apparatus, appliances and all such articles, the use of which cannot be had except with the application of electrical energy, including fans, air circulators, fluorescent tubes (Including their starters, chokes, fixtures, fittings and accessories), electrical earthenware and porcelainwares , electrical equipments, plants and their accessories required for generation, distribution and transmission of electrical energy (including electrical cables,) electric motors and parts thereof and all other accessories and components whether sold as a whole or in parts, but excluding torches, torch cells, dry cell batteries, torch bulbs and filament lighting bulbs, 2. Pre-Stressed Cement Concrete Poles, Steel Tubular Poles, Rails, Cables, Conductors, Control and Relay panels including, Control Cables, Potential Transformer, Current Transformer, Oil Circuit Breakers, Air Circuit Breakers, Vacuum Circuit Breakers, Staywire, Earthing rod, Clamp, X-arms Isolators, Insulators, Jointing Kits, Capacitors, Battery, Battery chargers, Fire Fighting Equipment and material, Hardware, Nuts and Bolts, Rubber items, Lightning Arrestors, Gantry for Busbar, Structures, Steel Sections, Meters and other Electrical equipments-material, etc., (vide letter no. 2b/7127, dated 10 Jan. 08 entry suggested again widening the ambit) Letter no. 2bII/7098, 2bII/7068, dated 22/12/07 & 2bII/7127 dated 10/1/08 sent separately. 	Detailed proposal at Annexure-IX.
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15	Electrical Items for Generation, Transmission & Distribution of Electrical Energy and P.C.C. Poles	-	-	-	-	Under electrical items "Generation , Transmission & Distribution" has been omitted. The P.C.C. Poles & others have been omitted which will make the system unworkable. The Entry as it used to be exhaustive & initially agreed to by the meeting of finance ministers in Empowered Committee under VAT containing, "Generation Transmission & Distribution" has been overlooked (Letter no. 309(1) 10 n0 O;k0d0 vf/k0 ¼oSV½2004 frukad 21/12/94.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-X.
16	Electronic digital weighing scale & equipments	4%	12.5%	4%	4%	Not classified specifically in the electronic items therefore may be either classified specifically or the entry may be made exhaustive e.g. all electronic equipments of different descriptions, details, designs & purpose etc.	
17	Electronic Test Bench & Laboratory Instruments	-	12.5%	4%	-	These items are used by Industry /Educational Institutions for testing & quality controls. As such should be included in schedule II of VAT Rate @ 4% .	
18	Fishing Hook	-	12.5%	0%	0% in West Bengal, Tamil Nadu, Karnata & Kerla	Representation submitted by M/s Leather, Rubber, Shoe Material Merchant Association Kanpur to The Commissioner Commercial Tax U.P. is enclosed at Annexure-	Detailed proposal at Annexure-XI
19	Hand-Made Paper	-	Not Clear	0%	-	Hand-Made paper enjoyed exemption scheme under Khadi Gramodyog Scheme vide notification 2792 dated 30/9/04 & 2882 dated 7/10/04. The Scheme has been dropped. This will make the industry sick & uncompetitive. This is Rural oriented industry which if discontinued will create economic as well as employment problem in the Rural area of the State. Letter no. 2bII/7158 dated 23 Jan 08 sent separately.	Detailed proposal at Annexure-XII
20	Hooks, Clamps, Tower bolt, Eldrop and Pins of all kinds etc	-	Not specified clearly	4%	-	Nuts Bolts, Revits, Nails, Pins, Hooks, Clamps, Tower bolt, Eldrop and Pin of all kinds etc. these are items of the same category & together & simultaneously required for the "work". These items were indiscriminately classified as "Hardware & Mill stores" under one broad category in UPTT but still there are litigations regarding their identification when ever a new name of commodity comes in. In VAT rate schedule also number of items are left out which may create confusion . There fore this process may kindly be cleared in VAT schedule & entries may be absolute and exceptions if any may please only be mentioned.	These items require specific mention as other items of similar specification have been mention. This may create confusion in future.

21	Kerosene Lantern/Lamp	0%	4%	0%	0% Jharkhand	Lantern using Kerosene oil excluding gas Lantern, Patromax and stove and their parts, accessories and Components have been declared exempt under UPTT act 1775 dated 07-08-2007 considering the genuineness of the argument. Therefore they may not be taxed now. 2bII/ 7097 dated 29/12/07 sent separately.	Detailed proposal at Annexure-XIII
22	NEEL – Ultra Marin Blue	8%	12.5%	4%	-	This is used for whitening the cloths and as Industrial input also. Entry No. 131 of Industrial inputs conceived as Ultra Marin Blue, NEEL not specifically mentioned. Therefore the confusion may be set at rest. Letter no. 2bII/7151, dated 17 Jan 08 sent separately.	Under UPTT Act NEEL was specifically classified but due to this omission of the familiar word NEEL confusion may persist.
23	Paper Cones & Paper Tubes	-	12.5%	0% or 4%	-	Since the guiding principle of classification of packaging material is that the packing will not be taxed at the higher level then the goods packed since these are the packing of yarn of all kind, which is under 0% schedule. Therefore it will be contradictory as per provision of the Act under VAT as well as old UPTT provisions. Letter no. 2bII/7119, dated 9 Jan 08 sent separately.	Detailed proposal at Annexure-XIV
24	Plastic goods as mentioned in justification column.	8%	12.5%	4%	4%	Plastic goods are a cheaper substitute for the costly household goods to aid poor and middle class families. Therefore items likes combs, containers, jugs, soapcase, mug, toothbrush, patra, looking glass, photo frames, chakla, belan, cutlery, tea & Atta Chanani, lunch boxes, bottles, trays, tokaras, baskets, Mats, basins, tubs & drums, casroles, ketrllle flask and all other moulded plastic goods etc. may be made competitive with other states and taxed at 4% only. Exclusions if any may only be mentioned.	The paper advertisement of 6 th Jan. 08 of the department though mentioned few items @ 4% but are missing the notification dated 10 th Jan08. Detailed proposal at Annexure-XV
25	Plastic Soap-case, Jug, Mug etc. not mention along with other plastic goods	-	-	-	-	Goods made up of Plastic such as Soap case, Jug, Mug etc declared in Deptt Advertisements on 6/1/08 “Dainik, Aaj” are not existing while Hon’ble Chief Minister of U.P. declares them specifically on public forum which are missing. Therefore they may kindly be accommodated.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-XVI.
26	Plastic sutli and Plastic Rope	10%	12.5%	4%	Uttrakhand, Delhi & Himanchal @ 4%	Vide trade tax notification no. 306 dated 29-01-2001 this item was taxable and included in the Newer – Plastic Sutli, Plastic Rope. This item has not specifically been classified in VAT schedule	

						therefore it may be classified @4% goods in order to compete with other states.	
27	PTFE Cable	-	Yet to be clarified	4%	-	PTFE cable is an industrial cable which is not specified clearly in VAT rate schedule II-A Sr. No. 65. May please be included in the schedule. 2bII/7104 dated 1/1/08, 2bII/7157 dated 23/1/08 & 2bII/7232 dated 12 March 08 sent separately	These items may require specific mention as other items of similar specification have been mentioned. This may create confusion in future. Letter no. 2bII/7104 dated 1/1/08, 2bII/7157 dated 23/1/08 & 2bII/7232 dated 12 March 08 sent separately at Annexure-XVII.
28	Raw Material of Battery and Battery Scrape	4%	12.5%	4%	4% in Bihar, Rajsthan , West Bengal's & others	Commercial Tax high officials in their meeting favourably accepted the justification and advised to send it to Govt. This is manufactured by Micro, Small & Tiny Industries and is used to slow down the use of electricity. If the level playing is missed it may harm the competitive sprit of the State. Letter no. 2bII/7150, dated 17 Jan 08 sent separately.	Detailed proposal at Annexure-XVIII
29	Steel or Iron fabrication and structures	-	12.5%	4%	-	Steel or Iron fabrication and structures :- these are the basic requirements of Industry as the basic infra-structure & are required when no return is optioned but only Investment is to be made by entrepreneurs. This requires special attention. It must be either declared in the list @ 0% while fixing tax liabilities or maximum Taxed @4%.	
30	Transformer Parts, Components & Accessories	-	-	-	-	Under the schedule of rate the entry is bare as "Transformer". It does not include parts & Accessories etc. This may please be specified & clarified.	Letter no. 2bII/7157 dated 23/1/08 sent at Annexure-XIX.
31	Voltage Stabilizer & Servo Stabilizer	4%	12.5%	4%	-	As per circular of Commissioner Trade Tax and judgment of Hon'ble Supreme Court opinion of Principal Director of Electronic Services & Training Centre etc. as discussed in the said letter in detail. Letter no. 2bII/ 7081 dated 13/12/07 sent separately, the suggestion may favourably be considered.	Detailed proposal at Annexure-XX.

32	White spherical globules	0 %	12.5%	0%	0% in Punjab, MP, Harayana, AP, Maharastra etc	It is more than 90% soluble sugar which is exempt. Sugar has not been taxed. This is used by general masses an manufactured by SSI units. To allow it to compete with other states. . Letter no. 2bII/7147, dated 17 Jan 08 sent separately.	Detailed proposal at Annexure-XXI
33	Wire Mesh	-	12.5%	4%	-	Wire Mesh is hardware item and Hardware & Mill Store are kept @4% VAT Rate. Wire Mesh is therefore may also be classified clearly in VAT Rate Schedule II.	
34	Hand Pump	Exempt	4%	0%	-	This is manufactured by Micro & Small Industries and consumers are generally poor. It is much needed for International programmes & policies it used to be exempt under UPTT . Therefore rate of tax on this commodities may be 0%. <u>Letter no. 2bII/7230, dated 12 March 08 sent separately.</u>	
35	Rexine, P. U. Foam cushions used in various types of vehicle for seats etc., Steel Pipes, Complete built seat frame for vehicles, Complete seat used in various vehicles, and parts thereof.	2.5% u/s 4B of UPTT	12.5%	4%	-	The manufacturers of Transport System mainly at Lucknow, Varanasi, Allahabad, Gorakhpur, Moradabad, Ghaziabad & Noida have been purchasing these Inputs @ 2.5 U/s 4B of UPTT so far. The Rate under VAT will be as high as 12.5%. Under these circumstances manufacturers would prefer to purchase these items from Ex.U.P due to Rate of CST to be lowered at 2% from 1.4.08. The U.P. Industries will suffer heavy loss and may finish. <u>Letter no. 2bII/7234, dated 15 March 08 sent separately.</u>	
36	Rubber Hose Pipe & Rolls, Rubber compound, Vulcanized Rubber in primary form, Rubber plates, sheets & strips, Rubber Moulded & Extruded product.	2.5% u/s 4B of UPTT	12.5%	4%	-	These are the parts and accessories of machinery which has been taxed under VAT @4% . Taxing the input at the higher rate would be against the interest of the Industry. The manufacturers may purchase from out side the states at lower rates of CST @ 3% & 2%. This will harm U.P. Industries. <u>Letter no. 2bII/7229, dated 12 March 08 sent separately.</u>	
37	Component, parts of Fire Arms & Ammunitions.	-	12.5%	4%	West Bemgal, Maharastra & Madyapradesh 4%.	About 106 Small & Medium Industries are manufacturing these parts if the rate in U.P is not lowered the manufactures mainly ordinance factories of Central Governments will prefer to Import these goods from Ex.U.P @ 2%.. Which will damaged the U.P. Industries. <u>Letter no. 2bII/7228, dated 12 March 08 sent separately.</u>	