

Ref No. 2bII/7252

2 April 2008

Shri Govindan Nair, I.A.S,
Principal Secretary,
Commercial Tax
Govt of U.P.
Lucknow

Subject :- Rationalization of VAT Rates on Electronic Digital Scale (Electronic Weighing Machine).

Dear Sir,

IIA had requested your good self through its letter No. 2bII/7186 dt 31/01/08 to consider the taxability of Electronic Weighing Machine @ 4% alongwith Electronic Calculator or Electronic digital Diary, IT Products, Electronic Computer, Computer items, Inverter, Integrated Circuit, UPS System, Cell Phone Software as have been classified in VAT schedule @ 4%.

In continuation to our earlier letter it is to bring to your kind notice that the Govt of West Bengal, Rejasthan & Gujrat have classified the weighing Machines & parts thereof @ 4% (Photocopies of schedule Placed of **Annexure –I, II & III**). If our home State does not bring uniformity in the rate on VAT the goods overlooked will be imported @ of only 2% (w.e.f. 01/04/08) from other States, casting aside the development of our home industry. This disparity inevitably will be at the cost of home Industry manufacturing these machines which will be pushed aside to extinction.

Your goodself knows well that Electronic Weighing Machine has its inputs as, a Mother Board UPS System & LED Panel which all are taxed @ 4%. Therefore the advantage of ITC too will not be able to compensate the competitive loss vis-à-vis other states as the margin left will be 8.5%. So far this item e.g. Electronic Weighing Machine has been subjected to reduced Rate as were applicable to Electronic goods on the strength of the Principle laid down in the case of B.P.L Ltd V/s State of A.P.-2001 UPTC-246 as the machine worked through Micro processing & automation. (Photocopy of the decision based on the above cited judgment enclosed at **Annexure-IV**).

It is hoped that your goodself will sympathically consider the competitiveness of home Industry with other States & rationalize VAT Rate on Electronic weighing Machine @ 4% & oblige.

Thanking you,

Yours truly,

D.S. Verma
Executive Director