

Ref No. 2bII/7264

13 April 2008

Shri K. Chandramauli I.A.S
Principal Secretary,
Deptt of Commercial Tax,
Govt. of U.P. Lucknow
Shri Sunil Kumar, I.A.S,
Commissioner,
Commercial Tax,
Govt. of UP.,
Gomati Nagar, Lucknow.

Subject :- VAT Rate on Industrial Inputs left out to be kindly addressed .

Dear Sir,

The Commercial Tax Deptt has worked on a set out principle for determining VAT Rates on goods. Under these concepts various "Inputs" have been subjected to 4% only. But the following goods (Inputs) have not been classified therein meaning thereby that they would fall in 12.5% category:-

1. Rexine
2. P. U. Foam cushions used in various types of vehicle for seats etc.
3. Steel Pipes
4. Complete built seat frame for vehicles.
5. Complete seat used in various vehicles, and parts thereof.

The above goods are purchased by big manufacturing companies of these vehicles, mainly in Lucknow, Varanasi Allahabad, Grokhpur, Moradabad, Ghaziabad, Noida etc. Such goods used in manufacture so far were subjected to 2.5% Tax u/s 4-B of U.P.T.T, since abolished.

A piquant situation has arisen due to this change over to VAT in transitory period. Now when no facility of 4-B (U.P.T.T) exists central sales Tax has been lowered to the same level of 3% (.w.e.f. 01/04/08). The VAT rates would be as high as 12.5% Manufacturers would go for purchase @ 2% from Ex-U.P. Dealers rendering the Home Industries defunct.

Therefore it is requested that VAT Rates on aforesaid "goods" may kindly addressed & These above said the commodities declared & included in Industrial Inputs.

Thanking you,

Yours truly,

D.S. Verma
Executive Director