

Ref No. 2b/7541

19 Dec. 2008

The Commissioner,
Commercial Tax, U.P.
Gomti Nagar,
Lucknow

Subject: To, make VAT Litigation free with regard to classification of Commodities.

Dear Sir,

The VAT in the present form is a transformation from "Sales Tax" to "Trade Tax" & then VAT. During this long span of about three decades the major litigations have been based on the interpretation of Commodities/Goods, their classification & Rates applicable. Volumes of books on the subject are available, but not exhaustive. With the change of time the commodities/goods change their brands, names, constitutions, ingredients & substances as to attract fresh interpretation.

The concept of VAT as envisaged is aimed at easing discretion, interpretations, discrimination, complications & litigations etc. Therefore at this stage a rate schedule has to be exhaustive. But that too is not possible due to researches, invention, import of concepts and goods etc add to commodities/goods & the chance of interpretation comes in.

During these days of Planning, budgeting, cut throat competitions, Liberal policies & foreign rivalries the local Industry cannot sustain without protection of the State. Therefore :-

IIA requests that your goodself may kindly be pleased to classify the Vth schedule as far as the deptt can stretch its knowledge & imagination to include the commodities left out & intended to be taxed as such (12.5%) as of now. The Deptt if so wills may notify any left outs at 12.5% by specific identification. We have been informally told that the Deptt has made out a list of such goods but the list has not been made public. It is requested that the list may very kindly be finalised & then afterwards goods not included may be left for 4% & not 12.5%.

This will reduce the complaints against field officer, bring down litigation & peace to business & Industry culminating in the larger revenue & prosperity of the State.

Thanking you,

Yours truly,

D.S. Verma
Executive Director