



FORM VAT 305

**GOVERNMENT OF TELANGANA  
COMMERCIAL TAXES DEPARTMENT**

PROCEEDINGS OF THE COMMERCIAL TAX OFFICER, MG ROAD CIRCLE  
PRESENT : SRI HARJUN RAO



Tin No : 36547131584 / Audit

Dated : 30-01-2016

**ASSESSMENT OF VALUE ADDED TAX**

[See Rule 25 (5) ]

Sub : TGVAT Act '05 - M/s Paramount Builders, Ranigunj, Sec'bad  
-- Show Cause Notice issued - Reply filed - Order -Passed  
Regarding.

- Ref : 1. VAT-304 dt 25-04-2015  
2. Note submitted on 27-01-2016 to DC(CT) BGT Divn  
3. DC(CT) B'pet Division Authorisation of Assessment  
No 20160122454008 DT 28-01-2016  
4. VAT-305A dt 28-01-2016  
5. Dealer reply dt 30-01-2016

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M/s PARAMOUNT BUILDERS, MG Road, Secunderabad are the registered dealer vide TIN No 36547131584 on the rolls of CTO MG Road Circle and engaged in Construction & Selling of Apartments in the name style of Paramount Residency at Nagaram Village, Keesara Mandal, RR Dist. They are paying their taxes as per Section 4(7)(d) of Act at the rate of 5% on 25% of the total consideration received.

On authorization of Deputy Commissioner(CT) Begumpet Division they were served Form-VAT-304 to produce the books of accounts. The assessee has filed records from 2011-12 onwards for audit verification.

- 1) Reported Statement as per VAT-200
- 2) VAT-200 Returns file
- 3) P & L A/c
- 4) Purchase Register
- 5) Work Receipts
- 6) P & L A/c

The undersigned has verified the records on 23-01-2016.

On verification of books of account of the dealer, purchases and Sales submitted by the dealers verified with reference to the monthly VAT-200 Returns filed during the period from 01-04-2011 to 31-03-2015. The following turnovers are disclosed :

**REPORTED TURNOVER**

SN o	Description	2011-2012	2012-2013	2013-2014	2014-15
	Exempted Purchases	--	--	--	--
	Exempted Sales		3332250	1698000	2509500
	1% Sales	3095000	--	--	--
	Tax @ 1%	30950	--	--	--
	5% Sales	818500	1110750	566000	836500
	Tax @ 5%	40925	55537	28300	41825
	<b>TOTAL-SALES</b>	3913500	4443000	2264000	3346000
	OUTPUT TAX	71875	55538	12875	41825
	VAT DUE	<b>71875</b>	<b>55538</b>	<b>12875</b>	<b>41825</b>
	VAT PAID	<b>71875</b>	<b>55538</b>	<b>12875</b>	<b>41825</b>
	<b>EXCESS BALANCE</b> /				

The net tax declared as payable and paid by way of Cheques / Demand Draft's etc during the tax period, from April 2011 to December 2015, same are verified and found in order.

**Turnover as per PROFIT & LOSS A/c (SALE OF FLATS)**

2011-12	→	Rs	53,74,000/-
2012-13	→	Rs	22,54,000/-
2013-14	→	Rs	47,64,000/-
2014-15	→	Rs	40,60,000/-

During the course of audit, the correctness and completeness of the returns filed alongwith payments paid by the dealer is verified with reference to the turnovers recorded in the books of account maintained by the dealer.

On verification of records such as agreement of Sales, Sale deed and Construction agreement it is noticed, that they followed a modus operandi that they first entering into agreement of sale with customers for construction and selling of flats. After entering the agreement of sale, they have executed the sale deed of semi finished flat in favour of customer for certain amount and for completion of remaining works they have entered agreement for construction and received remaining amount as per the initial or mother agreement. They have paid tax @ 5% on the 25% of total consideration received under Section 4(7)(d) of VAT Act.

In the light of the recent judgement in the case of M/s Omega Shelters Limited, Secunderabad in WP No 11528 dt 24-04-2015 rendered by Hon'ble High Court of AP, the method of tax payment under section 4(7)(d) of the Act is agreed. The gist of the judgement is as under :

"If dealers engaged in the construction and sale of residential apartments, houses, buildings or commercial complexes exercise the option, and comply with the conditions stipulated in Section 4(7)(d) and Rule 17(4), they cannot be denied the benefit of composition there under for the construction made by them for the very same person, after execution of a registered deed for the sale of a semi finished structure. Denial of the benefits of the composition scheme under Section 4(7)(d) to such dealers, for the post-sale construction made in terms of the initial agreement is illegal and is contrary to the provisions of the Vat Act and the rules made there under.

On verification of records, it is noticed that they have paid tax on Agreement of Sale Value @ 1.25% but when compare to the receipts, they have received excess of Rs 2,34,800/- towards Additional & Alterations Charges from the customers.

**i) RECEIPTS MORE THAN AGREEMENT VALUE**

Flat No.	Receipts	Agreement Value	Difference Value
502	22,26,000	22,24,000	2000
501	23,50,315	23,10,000	40,315
207	996500	995000	1500
507-A	3021985	3010000	11985
507-3C	1413000	1234000	179000
			234800

As per the judgement by Hon'ble High Court they are eligible to pay tax @ 1.25% to the extent of amount as per the initial agreement. Hence the undersigned has proposed tax on Rs 2,34,800/- @ 5% and tax worked out to Rs 11,740/-.

A detailed note submitted to the Deputy Commissioner (CT) Begumpet Division, vide ref 2<sup>nd</sup> cited, and obtained permission for assessment of the dealers under the provisions of APVAT ACT 2005

As per the authorization of Assessment by the Deputy Commissioner (CT) Begumpet Division on 20160122451008 dt 28-01-2016 proposed to assess the dealer for the period 01-04-2011 to 31-03-2015 as under :

a) Proposed tax on Difference Value  
(Rs 2,34,800/- @ 5%) → Rs 11,740.00

A Penal proceedings will be followed separately as per provisions of APVAT Act.


Accordingly a VAT-305A is issued and served to them for calling their objections. In response to the notice, the assessee filed a reply on 30-01-2016 stating that they have no objections against the above proposed tax and requested to pass the order. Hence the undersigned has passed the order as under :

Tax on Difference Value (Rs 2,34,800/- @ 5%) → Rs 11,740.00

a) The amount of Rs **11,740/-** towards DEMANDs raised during the period from 04/2011 to 03/2015.

THE PROOF OF PAYMENT OF THE AMOUNT SPECIFIED AT 'A' ABOVE TOGETHER WITH DUPLICATE COPY OF THIS ORDER & PAYMENT BOXES COMPLETED SHALL BE SUBMITTED WITHIN THE SPECIFIED TIME LIMIT.

An appeal order against this order can be filed before the Appellate Deputy Commissioner(CT) Punjagutta within 30 days of receipt of this order.

  
COMMERCIAL TAX OFFICER  
MG-ROAD CIRCLE

To

M/s Paramount Builders  
Ranigunj, Secunderabad