

Date: 1st December 2022

To
The Assistant Commissioner (ST) (FAC)
MG Road / SD Road Circle
Begumpet Division
Hyderabad

Sub : VAT Act 2005 - M/s. Modi & Modi Constructions, Secunderabad - Assessment completed for the period from Jan'14 to Jun'17 - Orders passed - Appeal filed before ADC(CT) Panjagutta Division - Appeal Remanded - Show cause notice issued - Reply against SCN - Reg.

Ref: 1. DCTO-1, MG Road / SD Road Circle, Order No. 4702 dated 9th December 2019
2. Order Passed by the Honorable ADC (C) Panjagutta vide AO No. 223 dated 21st February 2022
3. Notice dated 8th July 2022 issued to the dealer for production of accounts.
4. SCN Tin No. 36894097186 / Jan'14 - Jun'17/VAT dated 21st November 2022.

We submit that we are in receipt of the show cause notice wide TIN No. 36894097186 / Jan'14 - Jun'17/VAT dated 21st November 2022 proposing of demand a tax of Rs. 12,40,766/- for the period from Jan'14 to Jun'17. We request you to kindly consider our objection on the following grounds.

M/s. Modi & Modi Constructions has developed only one housing project on land admeasuring Ac. 6-28 Grs., forming a part of Sy. Nos. 128, 129, 133 & 136 Rampally Village, Keesara Mandal, RR District. The building permit for construction of the villas in the project known as Nilgiri Homes was obtained in 2007 from HMDA. The project consisted of 95 villas.

VAT was paid under composition scheme section 4(7)(d) @ 1.% or 1.25% on the value of Net Sale Consideration, for the 94 of the 95 villas irrespective of whether the sale was made before or after completion. Villa No.13 was sold after July 2017 (GST Period).

We submit that to avoid unnecessary and protracted litigation VAT has been paid for all the villas (Except Villa No.13). The details of payment of VAT for 94 villas are attached herein.

The turnover declared in the books of accounts / IT returns does not match with turnover declared in VAT returns. The method adopted for IT returns is as per rules under the IT Act, wherein profit was estimated for each financial year during the course of the project and turnover was based on installments due during the year. In most cases sale deed was executed after receipt of most installments, that too in different financial years. VAT returns were filled based on VAT paid from time to time.



The method of adopting turnover from VAT returns and P&L account is not correct. The 5% sales during the years 2014-15 to June, 2017 have been correctly adopted in both tables of the notice. We have also paid VAT as per turnovers in books and reported in the VAT returns. The difference in the turnover of Rs.1,00,90,560 as worked by you does not form turnover and the proposed levy of tax of Rs. 5,04,528 may please be dropped.

In light of the above we request you to drop the demand for payment of short fall in VAT. We are willing to provide any further documents that you may required.

Please give us an opportunity for a personal hearing.

Please acknowledge receipt of the same.

Thanking you

Yours truly
For MODI & MODI CONSTRUCTIONS



Authorised Signatory

Enc:

1. Statement of VAT paid in 94 Villas out of 95 Villas
2. Chartered Engineer Completion Certificates
3. Copy of Release Registered deed towards release of Mortgage of plots in HMDA.
4. Copy of Sale Deed for Villa No.13 (Executed at a time of GST Period)
5. Payment Intimation letter dated 31st August 2020 for the period from Jan'14 to Jun'17