



**GOVERNMENT OF TELANGANA
COMMERCIAL TAXES DEPARTMENT**

AAO NO 27156

FORM: VAT 305

**ASSESSMENT OF VALUE ADDED TAX
[See Rule 25(5)]**

Date	Month	Year
08	05	2018

**Tax Office Address:
Commercial Tax Office
Bowenpally Circle, 6Th floor,
Pavani Prestaige, Ameerpet
Hyderabad-18**

TIN	3	6	5	7	0	3	1	7	0	3	3
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Name : M/s. SERENE CONSTRUCTIONS LLP

Address: 5-4-187/3 AND 4 2ND FLOOR, SOHAM MANSION M.G.ROAD

Sub: - TS VAT Act, 2005 –M/s. Serene Constructions LLP –TIN 36570317033
Audit conducted – Assessment proposed- Show Cause Notice - Issued –
Objection Called for – Objection Received – Considered – Orders Passed.

- Ref: - 1) This office Audit Notice in Form 304 Dt: 03-02-2018.
2) Authorization ADM 1B No:2018013104803255193401 DT 31-01-2018
Issued by Deputy Commissioner (CT), Begumpet Division for
completion of assessment order by audit.
3) Authorization ADM 1C No:2018021604803255193402 DT 16-02-2018
Issued by Deputy Commissioner (CT), Begumpet Division for
completion of assessment order by audit.
4) This office Form VAT 305A notice dated: 16-02-2018.
5) The reply of the dealers dated: 22-02-2018.
6) Personal Hearing dated: 27-03-2018.

ORDER:

M/S Serene Constructions LLP, M.G. Road, Secunderabad, are registered dealers on the rolls of CTO M.G. Road, circle, with TIN 36570317033 w.e.f. 01.09.2015, and are doing business of construction and selling of Flats.

As per the authorization of the Deputy Commissioner (CT), Begumpet Division, in Form ADM 1B, dated 31-01-2018, a notice in Form VAT 304, dated 03-02-2018 i.e Notification for Scrutiny of Accounts of VAT was issued to the dealer and requested them to produce books of accounts for the tax period 2015-16 to 2016-17. Having received the same, the dealer produced the following for scrutiny.

1. Copies of P & L account and Balance Sheets for years:
2015-16 and 2016-17.

Verified the same with reference to the Turnovers reported in Monthly VAT 200 returns and found the following turnovers:

TURNOVERS REPORTED AS PER VAT 200 RETURNS:

Sl. No	Year	Exempt Sale Turnover	1% Sale Turnover	5% Sale Turnover	Total Turnover
1	2015-16	0	0	720000	720000
2	2016-17	0	0	288000	288000

SALE RECEIPTS REPORTED IN P & L ACCOUNTS :

Sl. No	Year	Total Receipts as per P & L A/c
1	2015-16	720000
2	2016-17	4505500

2015-16

The dealer did not file Form VAT 250. Hence assessed the dealer under Section 4(7)(a) of the TS VAT Act by levying tax on value of goods at the time of incorporation as specified in Schedule V @ 14.5% on total consideration received subject to such deduction as may be prescribed Rule 17 (h) of TS VAT Rules. (Standard Deduction)

Total Receipts as per P & L accounts -- Rs. 7,20,000 = 00

Less: Admissible Standard deductions	-- Rs. 2,16,000 = 00
@ 30 % Of gross receipts.	-----
Taxable turnover	-- Rs. 5,04,000 = 00

Tax levied on Rs. 5,04,000 = 00 @ 14.5%	-- Rs. 73,080 = 00
Tax Paid along with monthly VAT returns	-- Rs. 0 = 00
Balance to be paid	-- Rs. 73,080 = 00

2016-17

The dealer did not file Form VAT 250. Hence assessed the dealer under Section 4(7)(a) of the TS VAT Act by levying tax on value of goods at the time of incorporation as specified in Schedule V @ 14.5% on total consideration received subject to such deduction as may be prescribed Rule 17(h) of TS VAT Rules. (Standard Deduction)

Total Receipts as per P & L accounts	-- Rs. 47,85,500 = 00
Less: Admissible Standard deductions	-- Rs. 14,35,650 = 00
@ 30 % Of gross receipts.	-----
Taxable turnover	-- Rs. 33,49,850 = 00

Tax levied on Rs. 33,49,850 = 00 @ 14.5%	-- Rs. 4,85,728 = 00
Tax Paid along with monthly VAT returns	-- Rs. 0 = 00
Balance to be paid	-- Rs. 4,85,728 = 00

In view of the above findings the final year wise tax liability is worked out as under:

Sl. No.	Year	Tax under declared
1	2015-16	73,080=00
2	2016-17	4,85,728=00
	Total	5,58,808=00

TOTAL TAX DUE TO DEPARTMENT **Rs 5,58,808-00**

Accordingly a Show Cause notice Dt.16-02-2018 was issued to the dealer with request to file their objections with documentary evidence before the under signed within (7) days of receipt of the Show Cause notice. The Show Cause notice was served on the dealer on 17-02-2018.

Having received the said Show Cause notice, the dealer filed reply Dt.22-02-2018, and requested for (30) days of time to file the reply. Accordingly the time was also granted to them.

On 27-03-2018, a personal hearing was also provided to them. Mr.M. JayaPrakash, Manager Finance and accounts of the firm appeared. During the personal hearing the authorized person appeared has stated that, the advances amount of Rs. 45,05,500-00 represents only land value before the development & construction of cottages, there is no construction work has done to till date. But as seen from the documents produced in VAT 200 returns and the P & L Accounts it is observed that, the dealer did not file Form VAT 250 to levy tax under section 4(7) (b). Therefore, the contention of the dealer putforth before the under signed is not relevant to the issue of the file. Hence not considered. The final assessment under VAT for the period is completed confirming the Turnovers of the Show Cause as under:

Tax levied	Rs.5,58,808-00
Tax paid with	
VAT 200 return	<u>Rs. 50,000-00</u>
Balance	<u>Rs.5,08,808-00</u>

TOTAL TAX DUE TO DEPARTMENT **Rs.5,08,808-00**

The amount of **Rs.5,08,808-00** shall be paid within 30 days of the receipt of this order. Failure to make the payment will result in recovery proceedings under the TS VAT Act, 2005.

Since this is a case of clear under declaration of tax, penalty proceedings are initiated separately as per the provisions of TS VAT Act. 2005.


Deputy Commercial Tax Officer,
Bowenpally Circle, Hyderabad
BOWENPALLY CIRCLE,
BEGUNPET DIVISION
HYDERABAD

Note: An appeal against these orders can be filed before ADC (C.T.), Punjagutta, Office of the Commissioner of Commercial Taxes, Opp: Gandhi Bhavan, Nampally, Hyderabad within (30) days.