



**GOVERNMENT OF TELANGANA
COMMERCIAL TAXES DEPARTMENT**

FORM: VAT 305

AAO NO 28661

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

Date	Month	Year
19	05	2018

TIN	3	6	8	4	0	2	9	8	8	9	4
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**Tax Office Address:
Commercial Tax Office
Bowenpally Circle, 6Th floor,
Pavani Prestaige, Ameerpet
Hyderabad-18**

Name : M/s. SLIVER OAK REALTY

Address: 5-4-187/3 & 4 M.G.ROAD SECUNDERABAD-500003

Sub: - TS VAT Act, 2005 –M/s. Sliver Oak Realty –TIN 36840298894 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: 02-02-2018
2) Authorization ADM 1B No:2018013104803255193601 DT 31-01-2018 issued
by Deputy Commissioner (CT), Begumpet Division for completion of
assessment order by audit.
3) Authorization ADM 1C No:2018021604803255193602 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.

ORDER:

M/S Silver Oak Realty, 5-4-187/3 and 4, M.G.Road, Secunderabad, are registered dealers on the rolls of CTO M.G.Road, circle, with TIN 36840298894, 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 02-02-2018 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 2013-14 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:
2013-14, 2014-15, 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	2013-14	89255225	0	29751742	119006967
2	2014-15	65219475	0	21739825	86959300
3	2015-16	22170750	0	7000250	29871000
4	2016-17	26964750	0	8988250	35953000
5	2017-18 Up to 6/2018	0	0	0	0

The dealer opted to pay tax under Composition as prescribed under section 4 (7) (d) of the TS VAT Act 2005, and filed Form VAT 250 dated 20-03-2013, for project value of Rs. 11,00,00,000=00 (Form No: 20130320797.)

SALE RECEIPTS REPORTED IN P & L ACCOUNTS :

Sl. No	Year	Total Receipts as per P & L A/c
1	2013-14	72142056
2	2014-15	152626895
3	2015-16	72375000
4	2016-17	85903000

5	2017-18 Up to 6/2017	5622297 (Advances)
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2013-14

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. 7,21,42,056 = 00
Less: Admissible Standard deductions	--	Rs. 2,16,42,617 = 00
@ 30 % Of gross receipts.		-----
Taxable turnover	--	Rs. 5,04,99,439 = 00

Tax levied on Rs. 5,04,99,439=00 @ 14.5%	--	Rs. 73,22,419 = 00
Tax Paid along with monthly VAT returns	--	Rs. 12,54,813 = 00
Balance to be paid	--	Rs. 60,67,606 = 00

2014-15:

Since the dealer is doing business in construction & selling of residential apartments/flats, and opted to pay tax under composition is liable for tax @ 5 % on 25% of Gross Receipts.

"As per Section 4(7)(d) of the TS VAT Act, every dealer who engaged in construction and selling of residential apartments, houses, buildings, commercial complexes may, in lieu of the amount of tax payable by him under clause (a) opt to pay tax by way of composition at the rate of 5% on twenty five percent of the amount received or receivable to wards composite value of both Land and Building or the market value fixed for the purpose of stamp duty, whichever is higher as per G.O.Ms.No:124, Rev (CT-II) Dept., dt. 30-06-2017"

The dealer submitted Form VAT 205 in the year March 2013, for a value of Rs. 11,00,00,000=00 and is eligible for payment of tax under composition only for the year 2014-15. Therefore the tax liability is worked out and proposed as under:

Total Receipts as per P & L Account	--	Rs. 15,26,26,895 = 00
Turnover deduction @ 75% of receipts	--	Rs. 11,44,70,171 = 00
Taxable Turnover i.e 25 %	--	Rs. 3,81,56,724 = 00

Tax levied on turnover of Rs. 38156724=00 @ 5 %	--	Rs. 19,07,836 = 00
Tax paid along with monthly VAT 200 returns	--	Rs. 7,18,622 = 00
Balance to be paid	--	Rs/ 11,89,214 = 00

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. 7,23,75,000 = 00
Less: Admissible Standard deductions	--	Rs. 2,17,12,500 = 00
@ 30 % of gross receipts.		-----
Taxable turnover	--	Rs. 5,06,62,500 = 00

Tax levied on Rs. 5,06,62,500=00 @ 14.5%	--	Rs. 73,46,063 = 00
Tax Paid along with monthly VAT returns	--	Rs. 2,25,012 = 00
Balance to be paid	--	Rs. 71,21,051 = 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. 8,59,03,000 = 00
Less: Admissible Standard deductions	--	Rs. 2,57,70,900 = 00
@ 30 % of gross receipts.		-----
Taxable turnover	--	Rs. 6,01,32,100 = 00

Tax levied on Rs. 6,01,32,100=00 @ 14.5%	--	Rs. 87,19,155 = 00
Tax Paid along with monthly VAT returns	--	Rs. 58,750 = 00
Balance to be paid	--	Rs. 86,60,405 = 00

2017-18 (upto 6/2017)

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)

As seen from the P & L account and balance sheet for the year 2016-17 it is noticed that, the dealer disclosed some advances received from their customers in liabilities of the balance sheet. Hence taken into account and assessed to tax as under

Total Advances received during the tax period	--	Rs. 56,22,297 = 00
Less: Admissible Standard deductions	--	Rs. 16,86,689 = 00
@ 30 % of gross receipts.		-----
Taxable turnover	--	Rs. 39,35,608 = 00

Tax levied on Rs. 39,35,608=00 @ 14.5%	--	Rs. 5,70,663 = 00
Tax Paid along with monthly VAT returns	--	Rs. ---nil
Balance to be paid	--	Rs. 5,70,663 = 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	2013-14	60,67,606=00
2	2014-15	11,89,214=00
3	2015-16	71,21,051=00
4	2016-17	86,60,405=00
5	2017-18 Up to 6/2017	5,70,663=00
6	Total	2,36,08,939=00

TOTAL TAX DUE TO DEPARTMENT Rs. 2,36,08,939-00

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 time to file the reply, and the undersigned considered the request of the dealer. Subsequently on 05-03-2018 the dealer submitted detailed reply objecting the proposed assessment under Section 4(7)(a) of the TS VAT Act 2005, and requested to complete the assessment under 4(7)(d). In support of the request the dealer filed copies of Form VAT 250 for all the works, filed before the competent authority with in the time prescribed. Verified the same and found to be in order. Hence the assessment proposed under Section 4(7)(a) is withdrawn and completed assessment under Section 4(7)(d) of the TS VAT by levying tax under composition @1.25% as the total sale consideration received.

The year wise sale of flats is arrived at by consolidating the Flat/Villa wise and year wise sales from the statements furnished by the dealer in their reply.

The details of year wise sale Turnovers are as under:-

S.NO.	YEAR	TURNOVER	RATE OF TAX	TAX
1	2013-14	72142056	1.25%	901776
2	2014-15	152626895	1.25%	1907836
3	2015-16	72375000	1.25%	904688
4	2016-17	29923000	1.25%	374038
	TOTAL	327066951		4088338

Tax Due Rs.40,88,338-00
Tax paid Rs.30,14,743-00
Balance Rs.10,73,595-00

TOTAL TAX DUE TO DEPARTMENT **Rs.10,73,595 -00**

The amount of **Rs.10,73,595-00** 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.

Deputy Commercial Tax Officer,
Bowenpally Circle,
Hyderabad.

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