



**GOVERNMENT OF ANDHRA PRADESH
COMMERCIAL TAXES DEPARTMENT**

FORM VAT 305A

NOTICE OF ASSESSMENT OF VALUE ADDED TAX

[See Rule 25 (5)]

01. Tax Office Address:
Asst Commissioner(CT)-I
Begumpet Division,
Ameerpet, Hyderabad.

Date	Month	Year
06	12	2007

02. TIN	2	8	8	4	0	2	9	8	8	9	4
---------	---	---	---	---	---	---	---	---	---	---	---

03. Name: M/s. Mehta & Modi Homes
Address: 5-4-187/3 and 4
M.G.Road, Secunderabad.

Examination of your records on 15-03-2007 has shown that correct amounts of Value Added Tax have not been declared in the VAT returns listed below. Under the provisions of APVAT Act 2005 the following tax amounts are proposed to be assessed for the tax periods at shown below

Tax Period	Particulars Input tax/ Out put tax)	Tax Declared/ net credit/ or Refund Claimed	Tax Found To be due/ net credit/ net credit/	Tax Over declared Due to Dealer	Tax under Declared Due to tax Department	Penalty At 100%	Interest @ 1% of month(s)	Tax Due to Tax Department
1	2	3	4	5	6	7	8	9
Sep'06		171136	786363		615227			615227
Oct'06		151413	605652		454239			454239
Nov'06		179178	716712		537534			537534
Dec'06		190932	824392		633460			633460
Jan'07		216773	867092		650319			650319
Feb'07		239983	959932		719949			719949
					3610728			3610728

Total amount due to Tax Department: Rs.36,10,728-00

Explanation for the above proposals:

As per the authorization given by the Deputy Commissioner(CT) Begumpet Division in Form VAT 304 dt: 6-3-2007 conducted audit of accounts. The tax payer is a contractor and opted to pay tax @ 1% on the receivables as per section 4 (7) (d) and filed Form 250 for the entire project, On verification of books of accounts at the time of

audit and as per the sale details furnished by the dealer, the dealer sold vacant Plots by executing sale deed before the sub-registrar and paid the stamp duty accordingly. Consequent on sale of plot the dealers are entering into a separate agreement for construction and the dealer has paid the tax @ 1% on the contractual receipts by excluding the cost of land which was sold separately by sale deed.

The tax paid by the dealer @1% on the contractual receipts as per section 4 7(d) of APVAT Act is not in order. Section 4 (7) (d) clearly indicates that only a contractor who involved in construction and selling of residential buildings apartment, etc, may opt for composition in terms of section 4(7)(d). The transaction goes out of preview of section 4(7)(d) soon after sale deed is completed. Any works done after sale is to be considered as out of purview of section 4(7)(d). Any construction work under taken after sale of plot would fall under the provisions of section 4(7)(c) and the contractor is liable to tax @ 4% on the receipts/receivables.

The dealer has paid service tax on his services provided as a contractor. The service tax component is also added to the turnover and liable for tax @ 4%.

Total VAT Due to the Tax Department is Rs.36,10,728.

The proposal was explained to the dealers and the dealers have filed agreement in VAT Form 301A, dt:20-6-2007 and that orders were also passed in Form VAT 305, dt:02-8-2007. However, the dealers have at this stage filed appeal before the Hon'ble High Court vide W.P.No.19602/2007. The Hon'ble High Court was pleased to issue orders directing that the assessing authority shall be at liberty to issue notice to the petitioners and pass appropriate orders after hearing the dealers in accordance with law. Accordingly, with due respects to the orders of Hon'ble High Court the present show cause notice is issued.

Hence, M/s. Mehta & Modi Homes, are requested to file their objections and documentary evidence if any, within (10) days from date of receipt of this notice. Failing which orders will be passed as proposed without further notice.




Commercial Tax Officer(Audit)
O/o.the Deputy Commissioner(CT)
Begumpet Division: Hyd.

Commercial Tax Officer (Audit)
O/o. The Dy. Commissioner (CT)
Begumpet Division, Hyd-16.