

Note on payment of VAT
Date: 21-10-2019

1. This is a note to clarify procedure for payment of VAT.
2. VAT is payable on receipts upto 30-06-17. VAT is payable @ 1% upto __ and thereafter 1.25% on the total consideration. Where VAT is not paid calculate @ 1.25%.
3. VAT is payable on total net sale consideration i.e., sale of land + agr. of const. or in other cases full sale deed value. Consider net receipts after deduction of amounts received towards VAT, service tax, GST, corpus fund, registration charges, electricity charges, etc.
4. Generate the statement through buyer info database. However, data of value of sale deed, agreement of construction, OC date, registration date, details of payments, etc., need to be updated before generation of statement.
5. Sale of each flat or villa must be separated into 3 categories and calculation of VAT should be based upon. The categories are:
 - a. Category I – Sale made before 30.06.17 and registration completed before 30.06.17. In such cases VAT would have been paid. Check. If VAT was not paid then pay @ 1.25%.
 - b. Category II – Sale made before 30.06.17. part or full payment received before 30.06.17. registration not done. VAT may not have been paid. Pay VAT on net receipts received upto 30.06.17.
 - c. Category III – Flats & villas sold only after 30.06.17. No VAT payable.
6. In many cases falling in category II – sales were cancelled and sold to intending customers after 30.06.17. In such cases no VAT is payable. Such cases to be identified and note made for each and every flat/villa. Copy of AOS/sale deed for such sales must be kept ready for purpose of audit.
7. For purpose of audit make 3 statements – one for each category. Split VAT statement generated by database into 3 categories. For payments related to category II can be obtained from statement given in point 4 above.
8. Only if required, prepare a correlation statement between revenue shown in VAT return Vs revenue shown in IT returns. Such a statement was prepared for SOR. Consider entire duration of project.

