Serene Farms
Site Office: Sy. No. 44, Yenkepally Village,
Chevella Mandal, R.R. Dist. - 501 503
Owned & Developed by: MODI FARM HOUSE (Hyderabad) LLP

Promoted By: MODI BUILDERS SINCE: 1968
MODI
PROPERTIES &
INVESTMENTS PVT. LTD.
Head Office: 5-4-187/3&4, II Floor, M G Road,
Secunderabad - 500 003.
Ph.: +91-40-66 33 5551,
Email: info@modiproperties.com
Visit us at: www.modiproperties.com

Date : 24th March 2018

To
The Deputy Commercial Tax Officer,
Bowenpally Circle,
Hyderabad.

Sir,

Sub : TVAT Act, 2005-M/s Serene Construction LLP, M G Road, Secunderabad-Notice of assessment in form VAT 305 A-Reply filed- Reg.

Sub :- 1) DCTO, Bowenpally Circle notice in form 305 A Dated 16-02-2018
2) Our letter dated 21-02-2018 requesting time.

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We submit that we are in receipt of the notice of assessment in Form VAT 305 A dated 16-02-2018 proposing to levy tax of Rs.5,58,808/- on the total receipt as per P & L accounts under Section 4 (7) of the TVAT Rules after allowing 30% towards standard deduction. We request you to kindly consider our objection on the following grounds:

We submit that as developer we have entered into a Memorandum of Undersstanding (MOU) with Modi farm House (Hyderabad) LLP (for short MFHLLP) on 31-05-2015 for theconstruction of a cottage / Villa on the farm land owned by M/s.Modi Farm House LLP , Hyderabad and situated at Sy.Nos.33, 43, 44 and 46, Yenkapally Village , Chevella Mandal, RR District. As per this MOU , We have to construct cottage / villa to the person, who purchased farm of about 1/2 acre and the purchaser shall pay us the consideration vid clause R (iv). We have declared a turnover of Rs. 7,20,000 and 2,88,000 /- towards 5% turnover in our VAT 200 returns during the years 2015-16 and 2016-17 respectively. Xerox copy of MOU is enclosed. ?

We have also entered into Joint Development Agreement cum General power of Attorney dated 24-12-2016 with the owners of land to develop the housing project on the Scheduled project (Xerox copy enclosed) and agreement of sale with the owners of land dated 01-02-2017 (Xerox copy enclosed) for sale of the villas to the prospective purchasers. From this tripartite agreements we are the developers of the project and sellers of the villas/flats to the purchasers.

In the notice the advance amount received during the year is proposed to be assessed under Section 4 (7) (a) of the VAT Act after allowing standard deduction of 30% read with Rule 17 (1) (h) of the Rules and levying tax @ 14.5% on the balance amount as taxable turnover as we did not file From VAT 250. We submit that we have completed only one villa and sold the same for Rs .7,99,920 /- vide our invoice no .SCLLP / 1 / 2015-16 dated 19-02-2016 including Vat of Rs.36,000 /- @ 5% to M/s Dr.Tejal Modi & Mr . Soham Modi , Jubilee Hills , Hyderabad as purchaser which is collected and paid along with returns. (copy of invoice is enclosed).

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The figures shown in the P&L Account are only advances received during those years. We submit that we are the subcontractor to the main contractor i.e. MFHLLP and intend to opt to pay tax under Section 4 (7) (b) of the Act by way of composition @ 5% on the total amount received or receivable towards the execution of works contract. In viwe of payment of tax under this sub-section we have charged VAT 5% only on our invoice and paid the same. We submit that we have recorded all the purchases and paid tax @ 5% only on the invoice raised on the sale of vila as we intended to pay tax under Section 4 (7) (b) only. It is there fore reqiested to withdraw the proposal to tax under Section 4 (7) (b) of the Act.

In viwe of the submissions made above we request your goodself to withdraw the proposed levy of tax of Rs.5,58,808 /- for the years 2015-16 and 2016-17 @ 14.5% on the amounts received after deducting 30% on the advances received under Section 4 (7) (a) of the VAT Act. In case good self wants to proceed further we request to provide us an opportunity of personal hearing to explain our case in detail.

Yours truly,
For **SERENE CONSTRUCTIONS LLP,**

Authorized Signatory.

Encl: As above.

Office of the Commercial Tax Officer
Bowenpally Circle
Begum... on, Hyd.