

MEHTA & MODI HOMES

5-4-187/3 & 4, III Floor, M.G. Road, SECUNDERABAD – 500 003.
① 55335551 (4 Lines) Fax: 040-27544058

Date: 11th April 2012

To
The Deputy Commissioner (CT),
Begumpet Division,
Hyderabad.

Dear Sir,

Sub: APVAT Act'2005 - M/s. Mehta & Modi Homes, Secunderabad –
assessment for the tax period 01/09/2006 to 28/02/2007 – under APVAT
Act – Completed by the Commercial Tax Officer (Audit), Begumpet
Division – Certain discrepancies noticed – Revision of Assessment under
Section 32(2) of APVAT Act'2005 – proposed – Show Cause notice
issued - objections called for –Filed – Personal hearing notice issued –
Reg.

Ref: 1. Revision show cause notice dated 24.1.2012 from 9/06 to 2/07-VAT
2. Our Letter dated 27th March 2012

In continuation of the objections filed earlier, we make the following submissions for
kind consideration:-

Section 4 (7) (d) of the Act read as follows during the relevant time:

“d) Any dealer engaged in construction and selling of residential apartments, houses,
buildings or commercial complexes may opt to pay tax by way of composition at the rate
of 4% of twenty five percent (25%) of the consideration received or receivable or the
market value fixed for the purpose of stamp duty whichever is higher subject to such
conditions as may be prescribed;”

It may kindly be seen from the above that it is just sufficient to pay tax under clause (d) if
the dealer is engaged in construction and selling of houses etc.. No other condition has
been specified. Such dealer who is engaged in the construction and selling of houses has
to pay tax @ 4% on 25% of the specified consideration. In our case, the mother
agreement amply proves that we did construction and sale of independent houses. All
other activity subsequent to the agreement is to comply with the conditions of
agreement. Subsequent registration of land, construction and handing over etc., are only
to comply with the agreement of constructing and selling the independent house. If there
is no such agreement, it would have been a different case. Hence we are perfectly
covered by Section 4 (7) (d) of the Act.

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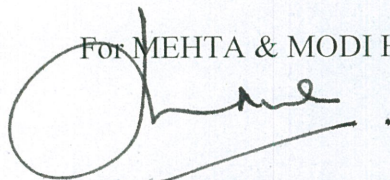
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Without prejudice to the above, we may also invite your kind attention to Government Memo No.33263/CT.II (1) /2010-5, dated 17.6.2011 through which directions were issued to the effect that the builders, who are not registered with the Department and who have not opted for composition of tax under Section 4 (7) (d) of the Act can pay tax of 1% only. Hence clause (d) is specifically applicable to 'BUILDERS'. We are undoubtedly a builder. When the unregistered builder, who is not on the rolls of the Department and who has not opted to pay tax by filing form VAT 250 is permitted by Government without any hair splitting to pay tax @ 1% on the consideration, it would be highly discriminatory and unjustifiable to hair split and propose to raise huge demand. In fact registered dealers must receive better benefit from the Department and not in the nature of huge demands. Equity and justice demand that the present proposal must be dropped. We therefore request to kindly drop the proposal.

Thank You.

Yours sincerely,

For MEHTA & MODI HOMES



Soham Modi
Managing Partner

