

India
Tax
For Private Circulation Only

Mumbai

264-265, Vaswani Chambers,
Dr. Annie Besant Road,
Worli, Mumbai 400 030

Tel: + 91 (022) 6619 8400
Fax: + 91 (022) 6619 8401

Delhi/Gurgaon

Building 10, Tower B,
7th Floor, DLF Cyber City,
Gurgaon 122 022

Tel : +91 (0124) 679 2000
Fax : + 91 (0124) 679 2012

Bangalore

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025

Tel: +91 (080) 6627 6000
Fax: +91 (080) 6627 6011

Chennai

ASVN Ramana Tower,
52, Venkatanarayana Road,
T-Nagar, Chennai 600 017

Tel: +91 (044) 4213 1124
Fax: +91 (044) 4213 1129

Kolkata

Bengal Intelligent Park Building,
Alpha, 1st floor,
Plot No. A2, M2 & N2,
Block – EP & GP, Sector – V,
Salt Lake Electronics Complex,
Kolkata - 700 091.

Tel : + 91 (033) 6612 1000
Fax : + 91 (033) 6612 1001

Ahmedabad

Heritage, 3rd Floor,
Near Gujarat Vidyapith,
Off Ashram Road,
Ahmedabad – 380 014.

Tel: + 91 (079) 2758 2542
Fax: + 91 (079) 2758 2551

Hyderabad

1-8-384 & 385,
3rd Floor, Gowra Grand
S.P.Road, Begumpet,
Secunderabad – 500 003.

Tel: +91 (040) 4031 2600
Fax: +91 (040) 4031 2714

Indirect Tax Alert

12th March 2009
Volume: IDTX/10/2009

Orissa VAT Notification¹

Vide Notification dated 25th February 2009, Orissa Government has amended Orissa Value Added Tax Rules, 2005. Below are certain key amendments carried out in the said Rules:

Deductions while determining Taxable Turnover

Sale of goods to SEZ, STP, EHTP or EOU shall qualify for a deduction from the Taxable Turnover only if such goods are intended to be used as:

- (i) capital goods as specified or
- (ii) in manufacture of goods.

Earlier, there was no such end-use based restriction.

Input Tax Credit on Capital Goods

Dealers shall now be eligible to claim the entire amount of Input Tax Credit on purchase of capital goods in the tax period in which the said capital goods are purchased.

Further, dealers having monthly tax period can claim the unclaimed Input Tax Credit on capital goods, carried forward in accordance with the earlier provision, in the first tax period after the tax period of February 2009. Other dealers can claim the same in the first tax period after the tax period of March 2009.

However, in case of start-ups or new business, Input Tax Credit on capital goods shall be available in the tax period in which the commercial sale commences.

Restriction on Input Tax Credit in certain cases

(i) Restriction in case of Inter-State sale

Dealers making sale in the course of inter-State trade or commerce shall be eligible to Input Tax Credit on corresponding purchases only to the extent of the Central Sales Tax payable on such inter-State sale. Dealers are required to reverse such

Vadodara
Chandralok,
31, Nutan Bharat Society,
Alkapuri, Vadodara – 390 007
Tel: + 91 (0265) 2233 3776
Fax: +91 (0265) 2233 9729

Input Tax Credit in excess of the Central Sales Tax payable and are also required to disclose such sales and corresponding purchases in the periodical returns in the prescribed manner.

Further, details of such inter-State sale of goods and corresponding purchases from 1 June 2008 to 28 February 2009 shall be required to be furnished in the return for the tax period of February 2009. Accordingly, the adjustment required to be made to Input Tax Credit for this period shall be made in the return for the tax period of February 2009.

(ii) Restriction in case of goods sold at a price less than the corresponding purchase price

In situations where the selling price of goods is less than the corresponding purchase price which results in Input Tax Credit higher than Output Tax, dealers are required to reverse such Input Tax Credit in excess of Output Tax and are also required to disclose such sales and corresponding purchases in the periodical returns in the prescribed manner.

Further, details of such sale of goods and corresponding purchases from 1 June 2008 to 28 February 2009 shall be required to be furnished in the return for the tax period of February 2009. Accordingly, the adjustment required to be made to Input Tax Credit for this period shall be made in the return for the tax period of February 2009.

Input Tax Credit on purchase of goods intended for sale by way of transfer of right to use

Input Tax Credit on purchase of goods intended for sale by way of transfer of right to use shall be allowed in the tax period in which the first of such right is transferred.

Dealers having monthly tax period can claim the unclaimed Input Tax Credit on purchase of such goods, carried forward in accordance with the earlier provision, in the first tax period after the tax period of February 2009. Other dealers can claim the same in the first tax period after the tax period of March 2009.

Input Tax Credit shall be required to be reversed in case the goods so purchased and intended for transfer of right to use are subsequently not sold or transferred in the prescribed manner.

Payment of Tax for the month of March

Dealers are now required to make a provisional payment of tax in respect of transactions up to 25th of March by 31st of March. The balance of tax is required to be paid before the prescribed date according to the existing provisions.

(Effective from 25 February 2009)

Source:

1. Notification No. 65/2009 dated 25 February 2009

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

Disclaimer

These materials and the information contained herein are provided by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) and are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, legal, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser. None of Deloitte Touche Tohmatsu, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on these materials and the information contained therein.

These materials and the information contained therein are provided as is, and DTTIPL makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing,

DTTIPL does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality. DTTIPL expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security, and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk of loss resulting from the use thereof. Deloitte Touche Tohmatsu, its member firms, or its and their respective affiliates will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statute, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.

If any of the foregoing is not fully enforceable for any reason, the remainder shall nonetheless continue to apply.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its Member Firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 140 countries, Deloitte brings world-class capabilities

and deep local expertise to help clients succeed wherever they operate. Deloitte's 165,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

© 2009 Deloitte Touché Tohmatsu India Private Limited, 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018.