

No, CCT/2005-06/93

Government of Goa,

Office of the
Commissioner of
Commercial Taxes,
Panaji - Goa.

Dated: 20th April,
2005.

VAT CIRCULAR No-2

Sub: Composition of tax under Section 7 of the Goa Value Added Tax Act, 2005.

Section 7 of the Goa Value Added Tax Act, 2005 read with rule 6 of the rules framed thereunder provides for the composition of tax.

2. A dealer whose turnover of sales during the previous year is below Rs 40 lakhs and who has not imported or manufactured (other than restaurants) any goods during the said year and who is covered under Schedule "E " to the Act are eligible to opt for composition of tax. Accordingly the following classes of dealers are entitled to opt under this Scheme.

1. Reseller who is not an1
importer and who is not %
leasing the goods
2. Hotel including Bar&3
Restaurant other than star %
category of hotel

3. Works contractor other1
than importer %

3. The dealer opting for composition should submit his application in Form VAT-XIII to the respective Ward Office within 30 days from the date of commencement of the financial year. He may file it beyond 30 days but not later than 60 days on payment of late fee of Rs. 50/- per day of delay.
4. The application is to be scrutinized and if found in order a certificate in Form VAT-XIV should be given to the dealer which will be initially valid for one year. The application for renewal, if any, should be made within a period of 30 days from the date of expiry of the said certificate. The application for renewal may be accepted beyond 30 days but not later than 60 days on payment of late fees of Rs. 50/- per day of the delay. Composition Certificate or its renewal is always to be granted based on the previous year turnover, e.g. for 2005-06, the consideration for Composition will be the turnover of 2004-05 and details as at (a) to (f) at Para 7.
5. A composition dealer will not be eligible for claiming any input tax credit either on the opening stock or on the purchases. He also cannot collect any tax on his sales or issue tax invoices.
6. A composition dealer has to pay the composition tax in Form VAT-V every quarter and file quarterly return in Form VAT-IV within 30 days from the end of the quarter.
7. The following dealers are not eligible for grant of composition:
 - (a) making inter-state sale or purchases
 - (b) making consignment sale/stock transfer.

(c) making sale in the course of export or import

(d) receiving goods for sale on consignment or effecting sales on behalf of the principle.

(e) manufacturing any goods other than hotels covered under entry 2 of Schedule "E"

(f) A non-resident dealer .

8. A dealer to whom composition is granted, if found to exceed his turnover above Rs. 40 lakhs during the year or found covered, any time during the year, under any of the contingencies as mentioned in para 7 above such certificate shall stand withdrawn from the date of such contingency during the year and from the said date, the dealer shall be out of composition and should be treated as a regular VAT dealer.

9. The dealer willing to opt for the composition of tax may be advised accordingly.

(Amit Yadav)

Commissioner of Commercial Taxes