

Salient Features of Recent Amendments in DVAT Rules

1. Amendment of Rule 3:

- (i) To address the various queries and difficulties of the works contract dealers, including builders, the rule has been suitably amended to clarify how taxable turnover shall be calculated and what all deductions could be made from turnover.
- (ii) **Effective Rate of Tax Reduced:** The deduction on account of Labour, Service and other like charges has been increased from Twenty per cent to up to Fifty per cent in case of following four works contracts thereby reducing the effective rate of tax on these activities.

1	Book-binding	50%
2	Textile processing such as dyeing, fabrication, tailoring, embroidery and other similar activities where textile is supplied by the contractee	50%
3	Electro plating, electro galvanizing, anodizing, powder coating and other similar activities	50%
4	Re-treading of old tyres	40%

- (iii) The calculation of land rate and construction rates have been linked to circle rates decided by the Government of NCT of Delhi instead of earlier formula of linking with the Index Cost under the Income Tax, which was difficult to calculate and determine.

2. Amendment of Rule 22 & 23

Prior to the recent amendment in the above rule 22 & 23, the Commissioner had discretion to fix the amount of surety as a pre-condition for de-sealing the business premises sealed during the course of enforcement survey. To avoid any arbitrary decision in such matters, the Government has prescribed the amount of security to be taken in such cases. This will make the system uniform and transparent.

3. Insertion of Rule 67A

By the insertion of the said rule, the Commissioner is empowered to prescribe single page acknowledgement with any on-line return. Henceforth, the dealer shall submit only single page acknowledgement instead of taking a print out of entire DVAT return/Forms and submitting the same.

4. Amendment of Form DVAT 16:

- (i) Requirement relating to 'Percentage of sale volume' has been done away.
- (ii) Separate columns for 'charges towards labour, services under the like charges' and 'charges towards cost of land, if any, in Civil Works Contracts' have been provided to allow ease in auto-calculation of taxable turnover in return.
- (iii) Annexure 2A and 2B (accordingly DVAT 30 & 31) have been amended to separately reflect each type of sale/purchase bill wise, dealer wise. As a result, the dealer need not to fill different columns of DVAT 16 instead they will be auto generated from Annexure 2A and 2B.
- (iv) In Annexure 1A and 1B for Works Contract dealers and Right to Use dealers respectively, the requirement of filing the copy of contract and bills with the return by the dealers, has been done away.
- (v) Annexure 1D has been added to DVAT-16, which is to be filed with the second quarter return of the following year thereby removing the requirement of filing Stock-1 separately.
- (vi) Annexure 2C-2D (accordingly DVAT 30A & 31A) have been simplified by aggregating all types of debit/credit notes transactions.
- (vii) Annexure-2E of the return has also been simplified to process the refund applications at a faster pace.

5. Amendment in Form DVAT-17:

Form DVAT-17 has been divided into two parts i.e. Part A and Part B. Part A covers composition dealers other than works contract dealers and Part B covers only works contract composition dealers. This will minimise the data submission requirements.

6. **Amendment in DVAT 48:**

The return format of contractees has been slightly simplified by deleting one column.

7. **Central Return(Form1)** has been amended to include amount of pending central forms. It will help in automatic refund disbursal in future.