

# Concise **view** on GVAT

- **Applicability** : The basic requirement of charging tax under GVAT Act is that where any sale/ purchase of taxable goods in the course of business is affected, in the State of Gujarat, VAT is payable under GVAT Act. Transactions made in the course of business only are covered under the GVAT Act.
- **Incidence & Levy of Tax** : Any dealer, crossing threshold limits of *total turnover of Rs. 5,00,000* and *taxable turnover of Rs. 10,000* in previous year, or current year, is liable to pay tax, except for casual dealer, whose threshold limit is taxable turnover exceeding Rs. 10,000. Also, the dealer incurring liability to pay tax in previous year or in current year under inter-state sales of taxable goods is also liable to pay tax under GVAT.
- **Registration of Dealers** : No dealer who has become liable to pay tax can do business without having valid registration certificate. There are two types of registration mentioned by the act:
  - a) **Compulsory Registration** -Any dealer, liable to pay tax has to apply for registration within *30 days* of liability,
  - b) **Voluntary Registration** – Any other dealer, having fixed or regular place of business in Gujarat and who is not required to obtain compulsorily registration can apply for Voluntary Registration at any time with interest free deposit of Rs. 25,000/- which can be adjusted against tax/ interest/penalty payable by him.
- **Basic Rates of VAT** : Basically there are different rates are mentioned depending upon nature of goods of which two rates are generally applied in most of items which are 4% VAT+ 1% Additional VAT i.e. Effective Rate : 5% and 12.5% VAT + 2.5% Additional VAT i.e. Effective Rate : 15%.
- **Input Tax Credit** : Input tax credit is available on the inputs of a dealer in full *immediately on receipt of tax invoice*. The prime condition is that the goods purchased should be intended for sale or for use as raw material or for packing of such manufactured finished goods. Input tax credit is also available on the Capital Goods used *atleast for 5 years* for manufacture of Taxable goods.

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- **Types of Invoice :** Under the GVAT Act, two types of invoices are prescribed:
- a) **Tax Invoice:** Only a Registered Dealer, who has not opted for composition scheme, can issue Tax Invoice, for taxable goods only, and that too, if the purchaser is a registered dealer having TIN. Tax credit is available only against Tax Invoice. Tax Invoice is required to be issued in duplicate, serially and mechanically numbered and the words "Tax Invoice" is to be printed on Invoice.
  - b) **Retail Invoice:** For sale of exempt goods, inter state sale and for sale to unregistered dealer, retail invoice is to be prepared. Retail Invoice should be issued in duplicate, serially and mechanically numbered, where sale price exceeds Rs. 100. Words "Retail Invoice" must be printed on the invoice.
- **Audit Under GVAT:** Any dealer, having *turnover exceeding Rs.1 crore* and *Taxable Turnover exceeding Rs. 20 lakhs*, is liable to get his accounts audited within 9 months from the end of the year and submit the same within 1 month of the date of the Audit Report.
- **Option of Lump Sum Payment to Small Dealers :** Small Dealers, engaged in trading activity and a class of notified manufacturers, being Bakery, Bricks manufacturers, having total turnover not exceeding Rs. 50 lakhs in the preceding year, can opt to pay lump sum tax on taxable turnover, provided the dealer is not engaged in the activities of Inter State Sale or Purchase.

Lump sum Tax Rates are as under

Small Traders	- 0.50% of taxable Turnover
Bakery/ Bricks Manufacturer	- 2.00% of taxable Turnover

- **Dates for payment of VAT:**

Quarter	Due Date
Q1 (April – June)	22 <sup>nd</sup> July
Q2 (July – September)	22 <sup>nd</sup> October
Q3 (October – December )	22 <sup>nd</sup> January
Q4 (January – March )	22 <sup>nd</sup> April

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Payment of Monthly tax is to be made within *22 days* from the end of the month to which the return relates. The dealers having tax paid/ payable exceeding Rs. *10 lakhs* shall have to make *E-payment* only.

➤ **Due dates of filing VAT Returns(Forms 201, Form 201A Form 201B):**

- Co-operative Societies engaged in the manufacture of sugar or khandsari have to submit *half yearly* return.
- If tax payment in current or previous year exceeds Rs.60,000/- in these cases, tax will have to be paid Monthly return.
- If tax payment in current or previous year does not exceeds Rs.60,000/- in these cases, tax will have to be paid Quarterly.

Quarter	Due Date
Q1 (April – June)	30 <sup>th</sup> July
Q2 (July – September)	30 <sup>th</sup> October <sup>®</sup>
Q3 (October – December )	30 <sup>th</sup> January
Q4 (January – March )	30 <sup>th</sup> April

➤ **Mandatory E-Filing of Returns** :Dealers making Zero Rated Sale or having turnover in current year or previous year exceeding Rs. 50 lakhs shall have to submit their returns by way of e-filing only. Due dates for E-Filing returns are as under.

- Monthly Return Dealers :
  - a) Within *30 days* from the end of the month, if tax in the relevant month is Rs. 5,000 or less.
  - b) Within *40 days* from the end of the month, if tax in the relevant month is more than Rs. 5,000.
- Quarterly Return Dealers :

Within *45 days* from the end of the quarter.