

GOVERNMENT OF ARUNACHAL PRADESH  
DEPARTMENT OF TAX & EXCISE: ITANAGAR

NO.TAX - 28/2002/VOL-II

Dated Itanagar, the 20<sup>th</sup> November, 2009.

**CIRCULAR No - 08**

**Sub: Tax Deduction at Source (TDS) of VAT procurement by Departments/Organisations and mandatory procurement from registered dealers only.**

It is for general information to all concerned that tax deduction at source (TDS) for VAT has been introduced with effect from 11<sup>th</sup> April, 2007 by making an amendment in the Arunachal Pradesh Goods Tax Act, 2005 and the person responsible for paying sale price is liable to deduct the amount of tax at the time of payment to the Supplier in respect of ~~any sale~~ or supply of goods as per following details: -

**Rate of VAT on Supply Works**

Value Added Tax (VAT) is leviable on total sale price of the procurement of the item at the rate as may be specified in the Schedules of Arunachal Pradesh Goods Tax Act, 2005.

**Purchases to be made from Registered Dealer under Arunachal Pradesh Goods Tax Act, 2005**

Every person responsible for paying sale price shall ensure that the purchases are made from registered dealer under Arunachal Pradesh Goods Tax Act, 2005 and collect an authenticated copy of certificate of registration. Section 47A (3) of the Arunachal Pradesh Goods Tax Act, 2005 is very clear in this regard, which states,

*"Notwithstanding anything contained in any other Law for the time being in force, every person mentioned in sub-section (1) and sub-section (2) responsible for paying sale price in respect of any works contract or sale or supply of goods shall not enter into such transaction unless the contractor, or seller or supplier, as the case may be, produces an authenticated copy of the certificate of registration under this Act or furnishes an undertaking for getting himself registered and any such contractor, or seller or supplier who is not so registered under this Act shall not be paid by the said responsible person any amount in respect of the sale or supply before he gets himself registered under this Act and submits an authenticated copy of certificate of registration."*

**Manner in which Tax is to be deposited**

Any tax deducted shall be paid into the Government account on behalf of the person from whose bills and invoices, the deduction has been made and same shall be deposited by Challan No FF-08 under Head of Account "0040". The person making any deduction of tax and paying it into the Government account shall issue to the payee a certificate of tax deduction and payment.

**Penalty in case of non- deduction of TDS**

It is, therefore, impressed upon all concerned to scrutinize the tax deduction and take immediate necessary steps to realize dues, if any, immediately failing which penalty as stipulated under sub-section (9) and (10) of section 47A of the Arunachal Pradesh Goods Tax Act, 2005 shall be initiated.

Sub-section (9) of section 47A of the Arunachal Pradesh Goods Tax Act, 2005 states,

*"Where the amount has not been deposited after deduction, such amount and any other sum which may be payable under this section **shall be charged upon, all the assets of the person** concerned who made the deduction or who is liable to pay other amount and shall be recoverable from him as arrears of land revenue:*

*Provided that no recovery proceedings shall be drawn up by the Prescribed Authority having jurisdiction over the person concerned without prior approval of the commissioner."*

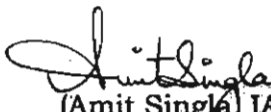
Sub-section (10) of section 47A of the Arunachal Pradesh Goods Tax Act, 2005 states,

*"If any person as referred to in sub-section (1), or sub-section (2) fails to make the deduction or after making the deduction fails to deposit the amount so deducted into the Government account, the Prescribed Authority may, after giving such person a reasonable opportunity of being heard, by an order in writing, direct that such person **shall pay, by way of penalty, a sum not exceeding twice the amount deductible under this section besides tax deductible** but not so deducted and, if deducted, not so deposited into the Government account."*

Sd/-  
(Amit Singla, IAS)  
Secretary (Tax & Excise),  
Govt. of Arunachal Pradesh,  
Itanagar.

Memo No. TAX - 28/2002/VOL-II/365 Dated Itanagar, the 20<sup>th</sup> November, 2009.  
Copy to:

- 1) The Accountant General, Arunachal Pradesh.
- 2) PS to Hon'ble Minister (Tax & Excise) for information please.
- 3) PS to Chief Secretary for information please.
- 4) All Commissioners/ Secretaries, Govt. of Arunachal Pradesh.
- 5) All Chief Engineers for necessary action.
- 6) All Deputy Commissioners, Arunachal Pradesh for information.
- 7) All Superintendents (T&E), Arunachal Pradesh for necessary action.
- 8) The Director (Accounts & Treasuries), Naharlagun with a request to get it circulated to all DDO's/ Treasury Officer's/ Cheque Drawing DDO's for strict compliance.
- 9) The DIPR, Naharlagun for information and wide circulation.
- 10) All Public Sector Undertakings for information and necessary action.
- 11) Office Copy.

  
(Amit Singla, IAS)  
Secretary (Tax & Excise),  
Govt. of Arunachal Pradesh,  
Itanagar.

For more details on VAT in Arunachal Pradesh, please visit  
the website : <http://arunachalpradesh.gov.in/taxexcise/>