

GOVERNMENT OF JAMMU AND KASHMIR
CIVIL SECRETARIAT FINANCE DEPARTMENT

NOTIFICATION
JAMMU THE 16TH MARCH 2006.

SRO 91: Whereas, the Government is of the opinion that for the reasons recorded in the sub-joined schedule, it is necessary so to do in the public interest:-

Now, therefore, in exercise of the powers conferred by section 79-A of the Jammu and Kashmir Value Added Tax Act, 2005, the Government hereby order that there shall be remission of tax in respect of small, medium and large scale industrial units upto 31st March 2010 subject to the following conditions:

1. That the industrial unit should be formally registered with the Department of Industries and

Commerce /Directorate of Handicrafts / Handlooms and also with the Department of Commercial Taxes.

2. That every registered industrial unit claiming tax remission shall make price adjustment in the selling price equivalent to the amount of tax chargeable on the finished goods sold, whereafter tax shall be charged on the net selling price so that the benefit of such price adjustment is passed on to the purchasing dealer/consumer. In order that transparency is maintained in the transactions, every sale invoice shall invariably mention the amount of price adjustment made in the selling price. In case no price adjustment is made the industrial unit shall not be entitled to any tax remission. Further in case of partial price adjustment being made, the industrial unit shall be entitled to tax remission to the extent the price adjustment has been made and rest of the tax amount shall have to be deposited with the Government. The descriptive sale invoice for industrial units claiming tax remission shall be as per Annexure IV-A or IV-B as the case may be and the formula for working out the price adjustment shall be as per Annexure V to this Notification.

¹[Provided that the aforesaid condition for claiming tax remission shall not apply in respect of sales conducted by registered industrial units during 2005-06 where such industrial unit furnishes an attested affidavit that he has made price adjustment equivalent to the amount of tax chargeable on the finished goods sold and that the tax has been charged only after the requisite price adjustment.]

3. ¹[That every registered industrial unit claiming tax remission shall submit a tax remission claim form as per Annexure 1 to this Notification

¹ Proviso added vide notification SRO 176 of 2006 dated 31st May 2006.

¹ Substituted vide SRO 176 dated 31st May 2006.

alongwith the quarterly return form duly accompanied by purchase and sale statements to the concerned Assessing Authority. However, the prescribed "tax remission claim form" alongwith purchase and sale statements in respect of 1st, 2nd, 3rd and 4th quarters of 2005-06 shall be furnished alongwith the prescribed "declaration for tax remission claim" by 31st of July 2006.]

4. ²[That the tax remission to such industrial units is contingent upon the condition that the industrial units provide employment to the permanent residents of the State in terms of Govt. Order No. 265-IND of 2005 dated: 27-10-2005. Therefore, a declaration as per Annexure II to this Notification shall accompany every Tax remission claim form. The declaration shall be certified by the concerned General Manager of the District industries Centre or the competent authority of the Directorate of Handicrafts/Handlooms as the case may be. A tax remission claim from which is not accompanied by such declaration from and other relevant documents as prescribed by this Notification shall not be entertained and shall be summarily rejected by the Assessing Authority.]

³[5. That within three months of the last date prescribed for the filing of quarterly returns the concerned Assessing Authority shall prepare the details of each industrial unit claiming tax remission alongwith its full particulars as per annexure III to this Notification and forward copies of the same under his seal and signature to the Commissioner Commercial Taxes and the Additional Commissioner, Commercial Taxes of the concerned Division;

Provided that in respect of quarterly returns pertaining to 2005-06 the Assessing Authority shall prepare the details of each industrial units claiming tax remission alongwith its full particulars as per Annexure:III to this notification within six months of the last date prescribed for filing of the quarterly returns for 2005-06.]

6. That the Assessing Authority shall soon thereafter process the cases for grant of tax remission in respect of the industrial units found eligible for the said remission and pass he tax remission order thereon accordingly, within three months, depicting therein the amount of tax remitted in favour of the industrial unit for a particular tax period.

7. That the Commissioner Commercial Taxes shall have at least 25% of all the tax remission claims verified for each tax period by the Deputy Commissioner Commercial Taxes (Audit) of the concerned Division.

² Substituted vide SRO 176 dated 31st May 2006.

³ Substituted vide SRO 326 dated 10th Oct.2006.

8. That if any industrial unit, after such verification, is found to have proffered an incorrect tax remission claim, for a tax period, such industrial unit shall not be entitled to any tax remission for that particular tax period.

¹[Provided that the industrial unit which is found to have preferred an incorrect tax claim shall be provided an opportunity of being heard by the Assessing Authority before his claim of remission for any tax period is denied and on being satisfied that the mistake is not deliberate and without any malafide intention shall process the case for tax remission.]

9. That the industrial unit shall maintain correct and regular accounts of purchase of goods including machinery, plant and equipment, raw material etc. and production and sale of goods.

10. That the industrial unit shall not claim any Input Tax Credit.

11. That the industrial unit shall in no case procure finished product from outside the State and shall not dispose off the raw material in any manner whatsoever except as provided in the certificate of registration issued by the department of Industries and Commerce/Directorate of Handicrafts/Handlooms and Department of Commercial Taxes and in case. If at any point of time, the industrial unit is found guilty of importing finished product or disposing off the raw material in any other manner except as envisaged in the certificate of registration, the industrial unit shall not be entitled to remission of tax for the year in which such default is made.

12. That where any industrial unit for any reason whatsoever ceases its manufacturing activity for any ²[tax period], it shall forthwith be brought to the notice of the Assessing Authority concerned, the recommencement of the same shall also similarly be intimated. In case of failure to do so the industrial unit shall not be entitled to any tax remission for the year to which such information pertains.

13. That any industrial unit found guilty of an offence specified under section 66(6), Section 67, Section 69(1)f, Section 69(1)g, Section 69(1)h, Section 69(1)k, Section 69(1) l of the Jammu and Kashmir Value Added Tax Act, 2005 shall not be entitled to any tax remission for the year in which such offence is committed.

Provided that if the Assessing Authority concerned is unable to pass the tax remission order within the prescribed time, he shall seek extension in the time period from the Additional Commissioner Commercial Taxes of the Division concerned, giving reasons in writing for seeking such extension. The Additional Commissioner Commercial Taxes after satisfying himself as to the genuineness of the reasons, may grant extension for such reasonable period as he may deem proper. The Assessing Authority shall send copies of the tax remission orders under

¹ Added vide SRO 176 dated 31st May 2006.

² Substituted vide SRO 176 dated 31st May 2006.

his seal and signature to the Commissioner Commercial Taxes and the Additional Commissioner Commercial Taxes of the concerned Division;

¹[Provided further that no remission of tax shall be available to industrial units manufacturing goods specified in Schedule A to this notification except the industrial units manufacturing goods specified at entry number 22 of the said Schedule to whom remission of tax to the extent of 8.5% shall be available from 1st of April 2005 upto 31st of March, 2008.]

This notification shall be deemed to have come into force w.e.f.01.04.2005.

By order of the Government of Jammu and Kashmir.

Sd/-
(B.B.Vyas) IAS,
Commissioner/Secretary to Government,
Finance Department.

No.ET-Estt-43/2003-III

Dated.16.03.2006.

¹ Substituted firstly vide Notification SRO 285 dt 7th Sept. 2006 and again substituted vide Notification SRO 292 of 2006 dated 8th August 2007.

Sub-Joined Schedule

Whereas the industry in the state is still in a formative stage it is necessary to continue with the tax incentives provided to the industry so that competitiveness of the local industries does not suffer and at the same time sufficient employment opportunity is provided to the unemployed youth of the State. It therefore becomes imperative that for the larger public interest Government patronage is provided to the industry allowing it to sustain also to attract investment in this fast growing sector so important for the economic prosperity of the State.

Now, therefore, it is the considered opinion of the Government that there is a need to provide tax incentive to the industry in the shape of tax remission under the Value Added Tax regime in a manner as does not break the VAT chain.

Annexure I

TAX REMISSION CLAIM FORM

1. Name & Address of the Industrial Unit
2. Tax payer identification number (TIN)
3. Circle & Division in which registered.....
4. Date of filing the quarterly return
5. Tax period to which tax remission claim pertains
6. Quantum of taxable sales for the tax period
7. Total amount of price adjustment for the tax period made in selling price
8. Total amount of tax collected for the tax period.....
9. Amount of tax remission claimed
10. Whether declaration form as per Annexure II enclosed

Place :

Signature.....

Date:

Name

Status

Seal

Annexure II

DECLARATION FOR TAX REMISSION CLAIM

I Proprietor/Partner/Director of
M/s..... located at having TIN
..... do hereby certify that the total number of employees working in
my industrial unit is I certify that I have provided employment to
.....number of locals (constituting of the workforce) in my industrial unit as
per list attached in terms of Govt. Order No. 265-IND of 2005 dated 27-10-2005.

Place : Signature.....

Date: Name

Status

Seal

CERTIFICATE

It is hereby certified that the Declaration made hereinabove by the industrial unit is true and correct.

No: Signature

Dt: Seal

General Manager
District Industries Centre/
Competent Authority of Directorate of
Handicrafts/Handlooms

1ANNEXURE: III

DETAILS OF INDUSTRIAL UNIT SEEKING TAX REMISSION
FOR THE TAX PERIOD _____

S.No.	Name & Address of Industrial unit	TIN	Whether quarterly return filed? Yes/No If yes, quantum of taxable sales depicted for the quarter	Tax period for which return filed	Date of Filing of quarterly return
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>

Whether Tax remission claim form as per Annexure: I furnished?	Whether declaration for tax remission claim as per Annexure: II enclosed?	Amount of price adjustment particulars mentioned in Annexure: I?	Amount of price adjustment made for the tax period as per Annexure: I	Amount of tax collected for the tax period as per Annexure: I	Amount of tax remission claimed for the tax period as per Annexure: I & II
<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>

Signature and seal of Assessing Authority
Commercial Taxes Circle _____
Srinagar/Jammu _____

ANNEXURE: IV-A

Descriptive Sale invoice for industrial units claiming tax remission

Qty	Description of goods	Unit price	Value (Rs.)	VAT Rate (Rs.)	Amount of VAT (Rs.)
1.	Transformer	10,000	10,000	4%	400
	Total		10,000		400

G.Total

Rs. 10,400.00

In the above case there shall be no remission of tax and the tax collected shall have to be deposited

Price adjustment Method

Qty	Description of goods	Unit Price			Value (Rs.)	VAT Rate	Amount of VAT (Rs)
		Before Price adj.	Price Adjustment	Net unit Price			
1.	Transformer	10,000	384.60	9615.40	9615.40	4%	384.60
	Total				9615.40		384.60

G. total : Rs. 10,000

In the above case there shall be remission of tax

ANNEXURE: IV-B

Descriptive Sale invoice for industrial units claiming tax remission

Qty	Description of goods	Unit price	Value (Rs.)	VAT Rate (Rs.)	Amount of VAT (Rs.)
1.	T.V.	10,000	10,000	12.5%	1250
	Total		10,000		1250

G.Total

Rs. 11,250.00

In the above case there shall be no remission of tax and the tax collected shall have to be deposited

Price adjustment Method

Qty	Description of goods	Unit Price			Value (Rs.)	VAT Rate	Amount of VAT (Rs)
		Before Price adj.	Price Adjustment	Net unit Price			
1.	T.V.	10,000	1111.10	8888.90	8888.90	12.5%	1111.10
	Total				8888.90		1111.10

G. total: Rs. 10,000

In the above case there shall be remission of tax

Annexure: V

VAT rate 4%	VAT rate 12.5%
Unit Price (U.P) = 10,000 VAT Rate (V.R) = 4%	Unit Price (U.P) = 10,000 VAT Rate (V.R) = 12.5%
$\begin{aligned} & \text{U.P- } [(100/100+V.R) \times \text{U.P}] \\ = & 10000 - [(100/100+4) \times 10,000] \\ = & 10,000 - [100/104 \times 10,000] \\ = & 10,000 - 9615.39 \\ = & 384.61 \\ \text{say} & 384.60 \end{aligned}$	$\begin{aligned} & \text{U.P- } [(100/100+V.R) \times \text{U.P}] \\ = & 10000 - [(100/100+12.5) \times 10,000] \\ = & 10,000 - [100/112.5 \times 10,000] \\ = & 10,000 - 8888.89 \\ = & 1111.10 \\ & \textbf{say 1111-10} \end{aligned}$
%age of Unit price 3.846	%age of Unit price 11.111

Schedule "A" to Notification SRO 91 Dated 16.3.2006

1. Repacked goods.
2. Spices in all forms.
3. Indian made Foreign Liquor, Beer, Rectified Spirit, Methylated Spirit.
4. Wooden shooks,
5. Bricks and Tiles.
6. Arms and their accessories and ammunition.
7. Copper utensils manufactured by mechanized units.
8. Soft drinks.
9. Tea (processed/unprocessed)
10. Edible Oil
11. Screen printing of glazed tiles.
12. Roof trusses
13. ¹[Cutting and stitching of doormat out of coir, jute and décor (wall to wall)]
14. Cutting of marble/granite ⁵[except locally extracted and processed marble stones]
15. Repair and servicing of Automobiles
16. Sweetmeats (excluding toffees candy etc.)
17. Corrugation of galvanized sheets
18. Cycles/Tricycles/²[**]
19. Cured skins
20. Roasted peanuts
21. Sheet metal items including trucks, suit cases, paties, buckets, cans, bukharies, dustbins, hamams, steel tankers, shovels, karaies and drums.
22. ³[Televisions, Air conditioners, Refrigerators and Washing Machines, when assembled and manufactured by the industrial units located in the State and sold under the brand name of other products.]
23. ⁴Tobacco]

¹ Substituted vide SRO 176 dated 31st May 2006.

² The words "Fans/Coolers" omitted vide SRO 176 dated 31st May 2006.

³ Tax remission to the extent of 8.5% available from 1st April 2005 upto 31st March 2008 vide SRO 292 of 2007 dated 8th Aug. 2007

⁴ Inserted vide SRO 263 of 2007 dated 20.7.2007

⁵ Added vide Notification SRO 80 of 2008 dated 24.3.2008