

# SPECIAL COMMUNIQUÉ

## JANUARY 2010



### VALUE ADDED TAX

#### New Delhi

In a significant amendment to the Delhi Value Added Tax Act 2004, the Government of Delhi has notified that all goods hitherto liable to VAT @ 4% shall with effect from 13.01.2010 be liable to VAT @ 5%.

However, in respect of 'declared goods', VAT would continue at 4%. 'Declared goods' are those goods listed under Section 14 of the Central Sales Tax Act, 1956 which are deemed to be of special importance in the course of inter-State trade or commerce.

The above changes are by way of an amendment to Section 4 of the Delhi Value Added Tax Act, 2004. (Notification No. F.14(16)/LA-2009/LJ/10/LCLAW/1) dated 06.01.2010 and (F.3(23)/Fin.(T&E)/2009-10 dated 13.01.2010).

#### Andhra Pradesh

The State Government has proposed to change the revenue neutral rate of 12.50% to 14.50%. However, the effective date is yet to be notified. (Ref.No.AIII(1)/320/2009 to be published in the next issue of the official gazette on 15.01.2010)

### A Perspective...

The above action of the Government of New Delhi and Andhra Pradesh appear to be a deviation from the in-principle agreement between States entered into at the time of implementation of VAT. This is likely to foster tax wars between States and delay consensus for the GST regime.

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