

**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE AND TAXES (POLICY BRANCH)
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI-110002**

No. F. 7/433/Policy-II/VAT/2012/872-878

Dated : 12.11.2012

CIRCULAR NO 22 OF 2012-13

Sub:- Clarification regarding details to be filed online in Form Stock-1

1. All registered dealers were directed to file tax rate wise stock available as on 31st March every year by 30th June of the following financial year vide Notification No. F.7 (433)/Policy-II/VAT/2012/472-483 dated 16-8-2012. However, the date for filing of stock as on 31-3-2012 was initially notified as 31-10-2012 and later on extended upto 16th November, 2012.

2. Dealers and professionals have raised some queries/doubts about the applicable rate of tax to be given in the Form Stock-1, which are enumerated as under:-

a. What should be the tax rate of goods in stock, purchased against 'C'/'H' form, inward stock transfer made against 'F' form and goods imported from outside the country.

b. What should be the tax rate of goods in stock of a composition dealer.

c. What should be the tax rate of goods in stock such as work-in progress.

2. The queries raised have been examined in the department and the doubts are clarified as under:-

i) The tax rates of taxable goods have been specified in Section 4 of the Delhi Value Added Tax Act, 2004. Besides, goods mentioned in schedule-I appended to the said Act are exempted from levy of tax as provided under Section-6 of the Act. In accordance with the above provisions, closing stock may be classified as 0%, 1%, 5%, 12.5% and 20% irrespective of their source of purchases.

ii) In case of manufacturers, the stock of goods other than raw material and finished goods (i.e. work-in-progress) should be shown clubbed with raw material or finished goods based on the proximity of such goods to the raw material or the finished goods based on the stage of manufacturing they are in. For instance, in the process of tailoring (manufacturing) of a shirt, fabric is the basic raw material which is exempt from tax and the tailored shirt is the finished good taxable @ 5%. The various stages of the process may be cutting of fabric, stitching of the various parts of shirt and stitching all these parts into a complete ready-to-wear shirt. The fabric when in the form of pieces is nearer to the raw material stage and needs to be clubbed with raw material. Various stitched pieces such as sleeves, collar etc. are nearer to the shirt and needs to be clubbed with the shirt.

iii) Closing stock referred to in the notification is the physical stock available with the dealer as on 31st of March of the year. The stock not available with the dealer physically should not be considered as a part of this stock. Simultaneously, Stock-in-transit and stock on consignment should be shown accordingly.

(Prashant Goyal)
Commissioner (Value Added Tax)

No. F. 7/433/Policy-II/VAT/2012/872-878

Dated : 12.11.2012

Copy forwarded for information and necessary action to:-

1. PS to the Commissioner, VAT, Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P.Estate, New Delhi-02.
2. All Spl./Addl./Joint Commissioners, Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P.Estate, New Delhi-02.
3. All VATOs/AVATOs Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02.
4. Programmer (EDP), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02 for uploading the circular on the website of the department.
5. Dy. Director (R&S), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02.
6. The President/General Secretary, Sales Tax Bar Association (Regd.), Vyapar Bhawan, I.P.Estate, New Delhi.
7. Guard File.

(T.C. Sharma)
VATO (Policy)