

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE AND TAXES (Policy Branch)
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI-110 002

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The Govt. of India has recently taken initiative of digitizing the Indian Television Industry in the next three years. As a result set top boxes were expected to be placed/installed by various cable operators in Delhi region by 31.10.2012, the deadline imposed by the Ministry of Information and Broadcasting, Govt. of India.

The set top boxes are being supplied to the cable users by the cable operators on lease basis against refundable securities. It is reported that these operators are not paying VAT on these transactions terming the same as entrustment, thereby denying the state of its legitimate right to impose VAT on these transactions.

As per section 2(1)(zc)(vi) read with section 2(1)(zd)(vi) of the DVAT Act, 2004, the transfer of right to use goods is a deemed sale and liable to be taxed u/s 3 of the DVAT Act, 2004.

In the instant case, the set top boxes are goods, the transfer of right to use of which to cable users is clearly a deemed sale under the DVAT Act, 2004, as it has all the above attributes and hence liable to be taxed as per the provisions of DVAT Act,2004. Some of these operators are also providing set top boxes on outright sale basis which also needs to be taxed as per provision of DVAT Act,2004.

Accordingly all assessing authorities are required to initiate appropriate steps to identify such operators in their respective jurisdiction & proceed to determine their tax liabilities as per law. The use of Internet for obtaining details of such operators can be a useful lead. This exercise shall be coordinated by Zonal Incharge.

An action taken report be forwarded to Addl. Commissioner (Special Zone) by all Zonal Incharges (consolidated report, for all wards under their control) giving specific no. of dealers identified and action initiated for assessment of liability. The first report be sent in a week from issue of this circular and thereafter fortnightly reports be sent by 1st and 16th of every month.

(Prashant Goyal)
Commissioner, VAT

Copy to :-

1. All Special / Addl./ Joint Commissioners, Department of Trade and Taxes
2. All Zonal Incharges, Department of Trade & Taxes
3. Deputy Director (Policy), Department of Trade and Taxes.
4. Programmer (EDP), Department of Trade and Taxes- *to upload the circular on the web site of the Department.*
5. President/Secretary, Sales Tax Bar Association (Regd.), Vyapar Bhawan, I.P. Estate, New Delhi.
6. All VATOs / AVATOs, Department of Trade and Taxes – *through internal mail system.*
7. Guard File.

(T.C. Sharma)
Value Added Tax Officer (Policy)