

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE AND TAXES
(POLICY BRANCH)
VYAPAR , I. P. ESTATE, NEW DELHI – 110 002

No.F.3(664)/Policy/VAT/2016/106-112

Dated : 27.04.2016

CIRCULAR NO. 01 of 2016-17

Subject : New Composition Scheme for Restaurants and Halwais

A new composition scheme has been recently notified by the Government vide notification dated 18/03/2016 in exercise of powers conferred in section 16(12), wherein the registered dealers whose annual turnover is upto Rs. 50 Lakhs and who makes sales of cooked food, snacks, sweets, savouries, juices, aerated drinks, tea and coffee etc. have an option to pay composition tax @ 5%.

In the above context, it is clarified that the condition requiring payment of tax on opening stock is not applicable to those dealers who, w.e.f. 1st April, 2016, intend to shift from composition scheme under section 16(1) to the new composition scheme notified under section 16(12), as the goods held by such dealers on the transition date have already suffered VAT at the time of purchase and also no ITC on such purchases has been claimed by such dealers. Thus, the field 8 of Form RH01 is irrelevant for such dealers, as they are not required to pay tax on their opening stock held on 1st April, 2016. The condition requiring payment of tax on opening stock is applicable only when a dealer paying tax under the normal scheme of the Act (i.e. as per section 3) opts for composition scheme. It is also clarified that such dealers while shifting from composition scheme under section 16(1) to the new composition scheme notified under section 16(12) w.e.f. 1st April, 2016 shall not be eligible for claiming ITC on closing stock held by them on 31st March, 2016.

It is further clarified that the applications in respect of the new composition scheme are to be filed manually in respective wards or at reception counter of the Department, till the time an order specifically requiring online filing of forms is issued by the Commissioner, VAT in exercise of powers conferred in the notification.

This issues with the approval of Commissioner, VAT.

(R. K. Mishra)
Spl. Commissioner