

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

No.F.3(664)/Policy/VAT/2016/313-319

Dated: 30/05/2016

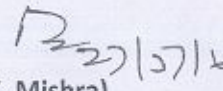
CIRCULAR NO.08 of 2016-17

**Subject: New Composition Scheme for Restaurants and Halwais**

A new Composition Scheme under section 16(12) of the DVAT Act was recently introduced vide notification No. F.3(29)/Fin.(Rev-I)/2015-16/dsvi/93 dated 18/03/2016, wherein the registered dealers whose annual turnover is upto Rs. 50 Lakh and who make sales of cooked food, snacks, sweets, savouries, juices, aerated drinks, tea and coffee etc. (i.e. who are engaged in restaurants/halwai business) were given an option to pay composition tax @ 5% w.e.f. 1<sup>st</sup> April, 2016. In view of the second proviso to section 16(1), such dealers, who were earlier opting composition @ 1% under section 16 (1) were mandatorily required to opt out of the composition w.e.f. 1<sup>st</sup> April, 2016 by filing Form DVAT-03 upto 30<sup>th</sup> April, 2016 and to pay tax as a non-composition dealer as per the provisions of the DVAT Act or to opt to the new Composition Scheme @ 5% by filing Form RH-01 alongwith the Form DVAT-03 (for withdrawal of composition @ 1%) upto 30<sup>th</sup> April, 2016. A dealer engaged in restaurant/ halwai business who is still continuing with composition @ 1% under section 16(1) after 31<sup>st</sup> March, 2016 is not only liable to pay due tax as per the rates specified in section 4 of the DVAT Act as a non-composition dealer but also liable to pay penalty under section 86(24) for contravening the provisions of the DVAT Act.

Therefore, in view of above, all Zonal Addl. Commissioner/Jt. Commissioners and also the Ward VATOs/ AVATOs are hereby directed to ensure that no such dealer (engaged in restaurant/halwai business) is continuing with composition of tax @ 1% under section 16(1) after 31<sup>st</sup> March, 2016 and if found so appropriate action against such dealers for recovery of due tax and penalty may be initiated as per the statutory provisions of the DVAT Act.

This issues with the approval of Commissioner, VAT.

  
(R.K. Mishra)  
Spl. Commissioner

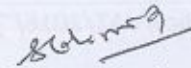
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Copy forwarded for information and necessary action to:

1. All Zonal Addl./Joint Commissioners, Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P.Estate, New Delhi-02.
2. Jt. Commissioner (Policy), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02.
3. All Assistant Commissioners/AVATOs Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02.
4. The President/General Secretary, Sales Tax Bar Association (Regd.), Vyapar Bhawan, I.P.Estate, New Delhi.

5. 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.
6. PS to the Commissioner, VAT Department of Trade and Taxes, GNCT of Delhi Vyapar Bhawan, I.P.Estate, New Delhi-02.
7. Guard File.

  
(S.K. Kamra )

Assistant Commissioner (Policy)