

12. SPECIAL TRANSACTIONS

12.1 Second Hand Goods

Second- hand goods are also taxable in case:-

- If you are a registered dealer and sell second-hand goods.
- If you purchase the goods from a resident seller who is not registered under DVAT Act.
- If you purchase the goods either as trading stock for resale in an unmodified form or otherwise or as raw material for incorporation or division into trading stock.
- You have adequate proof of the amount paid for the goods;

The registered dealer dealing in second hand goods is also entitled to a tax credit for the purpose of Section 9 of DVAT Act of the least of :-

- the input tax borne by the resident seller when he purchased the goods;
- the tax fraction of the original cost of the goods to the resident seller;
- the tax fraction of the fair market value of the goods at the time of their purchase by the registered dealer; or the tax fraction of the consideration paid by the registered dealer for the goods.
- If the amount paid for second hand goods is more than Rs.2000/-, the input tax credit will be allowed only in the tax period when the goods are resold.

12.2 Hire purchase

The transfer of goods by hire-purchase is deemed sale and the time of sale is when the hire purchase agreement is executed. Tax should be computed and paid on the total price payable (including all future installments) under the hire purchase agreement. The tax must be paid within 21 days from the end of the tax period in which the agreement is executed.

12.3 Lease

- The transfer of the right to use any goods for any purpose (i.e. whether or not for a specified period for cash, deferred payment or other valuable consideration is a 'sale' under the DVAT Act in Delhi or outside Delhi.
- The amount of tax payable in respect of a lease during a tax period is the portion of the sale price for the lease that is due and payable during the relevant tax period.

12.4 Works Contract

A works contract would include an agreement executed by you for building construction, manufacture, processing, fabrication, erection, installation fitting out, improvement, repair or commissioning of any movable property or immovable property.

- Tax is payable on any transfer of property in goods during the course of execution of a works contract excluding the charges towards labour, services and other like charges subject to certain prescribed conditions.