

**Ref. No. MCHI/GEN/12-13/067**

**August 24, 2012**

To,  
**Shri. Sanjay Bhatia**  
Commissioner, Sales Tax  
The Office of Sales Tax Commissioner,  
Vikrikar Bhavan, Mazgaon,  
Mumbai – 400 010

**Sub: Payment of Sales Tax liability (VAT) on real estate industry.**

**Ref: Trade Circular dated 06<sup>th</sup> August 2012.**

Dear Sir,

By the above referred Trade Circular, it is mentioned that the builders/developers should be registered with the department before 16<sup>th</sup> August and clear all liabilities before 31<sup>st</sup> August 2012.

In response to the said circular we state as under;

Many flat purchasers have done escrow accounts and the Bank guarantee in their name with intention to pay the VAT if payable to the Sales Tax Department. This mechanism was in vogue so that liability of VAT if falls on the developers, the same can be protected by this mechanism. Now, flat purchaser/developer has to pay the VAT. The banks where such accounts are operated they will issue Pay Orders in the name of Sales Tax Department and will not pay the said amount to the developer to enable him to pay to the Sales Tax authorities. It is expected that the builders should pay VAT through online. Because of the mechanism of escrow accounts monies will never be available to the builders to repay to the Sales Tax Authorities. Therefore, the developer/builder will not be in a position to comply with the requisitions through online.

In view of these circumstances we request to your good self, kindly accept the Pay Orders issued by the bankers and please arrange to get it credited in respective builder's account.

Considering a very short span of time available to comply with the requisites pursuant to the Trade Circular we request you to extend the time for the same and give guidelines to suggest the alternate mode of payment of VAT in the above circumstances.

Please treat this as very urgent.

Thanking you,

Yours truly,  
**For MCHI-CREDAI**

**C. P. Goyal**  
Chief Manager, Finance