

# Update

## Leasing Industry to be affected by the amendment in provisions of VAT vide State Budget 2013-14

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April 8, 2013

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## *Update*

### *Proposed Amendments in the State Budget 2013-14:*

<b>Sr. No</b>	<b>State</b>	<b>Amendment proposed in Budget 2013-14 relating to VAT likely to affect leasing industry</b>	<b>Impact on Leasing Industry</b>
1.	<b>Gujarat</b>	Tax on Second Hand (used) two wheelers and second hand (used) commercial vehicles	Tax to be paid on sale of second hand (used) two wheelers at the rate of 1% (subject to maximum Rs. 500) and sale of second hand (used) medium and heavy duty commercial vehicles at the rate of 1% (subject to maximum Rs. 5000) made by a registered dealer.  Cost of leased asset will increase in view of the same.
2.	<b>Karnataka</b>	Upper VAT rate will be reduced by 0.5% from 14.5% to 14% from August 2013.	Cost of leased asset, attracting the tax rate of 14.5% will reduce owing to reduction by 0.5% from August, 2013 in view of the same.
3.	<b>Kerala</b>	Rate of Tax on goods, consisting of luxury items, automobiles, white goods and other consumer goods, will be raised from 13.5% to 14.5%.	Cost of leased asset, in case of automobiles attracting the tax rate of 13.5%, will increase owing to an increase in the rate by 1%, thus taxable at 14.5%.
4.	<b>West Bengal</b>	Upper VAT rate increased by 1% from 13.5% to 14.5%.	Cost of leased asset will increase in view of additional rate of commercial tax of 1% levied.

<sup>1</sup> <http://skatax.files.wordpress.com/2013/02/budget-speech-gujarat-part-b-english.pdf>

<sup>2</sup> <http://www.finance.kar.nic.in/bud2013/bs-gen-e-13-14.pdf>

<sup>3</sup> [http://finance.kerala.gov.in/index.php?option=com\\_docman&task=doc\\_download&gid=5160&Itemid=57](http://finance.kerala.gov.in/index.php?option=com_docman&task=doc_download&gid=5160&Itemid=57)

<sup>4</sup> [http://www.wbfin.nic.in/writereaddata/Budget\\_Speech/2013\\_English.pdf](http://www.wbfin.nic.in/writereaddata/Budget_Speech/2013_English.pdf)