



ABSTRACT

Commercial Taxes Department - Premature Payment of the amount of deferred taxes at Net Present Value (NPV) Scheme - Rate of discount for the financial year 2009-2010 - Orders - Issued.

Commercial Taxes and Registration (F1) Department.

G.O. M.S. No.137

Dated: 08-09-2009.

Avani 23, Thiruvalluvar Aandu 2040.

Read:

1. G.O. (MS) No.60 Commercial Taxes & Registration (F1) Department, dated 28.2.2007.
2. Government Letter No.6192/F1/2007-3 Commercial Taxes & Registration (F1) Department, dated 10.8.2007.
3. From the Principal Secretary and Commissioner of Commercial Taxes, Letter No.Q2/21903/2008, dated 5.9.2008 and 24.4.2009.

Order:-

In the G.O. first read above, the Government have formulated a scheme for premature payment of deferred taxes for benefit of industrial units who have been allowed the benefit of deferment subject to certain conditions and restrictions, and ordered to calculate the premature payment of deferred taxes at a discount rate of 5% p.a. Subsequently, the Government in the letter second read above modified the rate of discount from 5% p.a. to 7.5% p.a. and simultaneously decided to reset the rate every financial year based on the cost of borrowing of the Government in the respective year.

2. The Principal Secretary and Commissioner of Commercial Taxes has stated that a modification is necessary in the rate of discount on the premature payment of deferred taxes. The rate of discount may be increased from 7.5% to 8% p.a. The Principal Secretary and Commissioner of Commercial Taxes has furnished the present bank rates of interest (below Rupees One Crore) browsed in the website of the respective banks through internet (on 16.4.2009) as follows.

Tenure	SBI	Canara Bank	IOB	Indian Bank	SIDBI	Karur Vysya Bank
1 Yr	7.75	7.50	7.75	8.00	7.00	9.50
3 Yr	8.00	7.50	8.00	8.00	7.50	8.00
6 Yr	8.25	7.50	8.50	8.00	8.00	7.50

He has, also stated that the number of dealers availed this scheme so far is 37 and the total revenue realized is Rs. 1256.54 Lakhs.

3. In view of the above facts and due to changed deposit rates, the Principal Secretary and Commissioner of Commercial Taxes has suggested that the discount at the rate of 8% interest per annum is acceptable in arriving at the Net Present Value for pay ment of deferred tax liability.

4. The Government after careful consideration accepted the request of the Principal Secretary and Commissioner of Commercial Taxes and enhance the rate of discount on the premature payment of deferred taxes at Net Present Value (NPV) scheme from the existing rate of 7.5% per annum to 8% per annum for the Financial year 2009-2010.

5. This order issues with the Concurrence of the Finance Department vide its U.O. No. 498 1/Revenue/09, dated: 01-09-2009.

(BY ORDER OF THE GOVERNOR)

RAJEEV RANJAN
~~PRINCIPAL SECRETARY TO GOVERNMENT~~

To

The Principal Secretary/Commissioner of Commercial Taxes
Chepauk, Chennai-5.

Copy to:

The Senior PA to the Hon'ble CM Chennai-9.

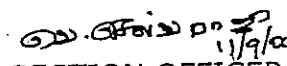
The Senior PA to the Hon'ble Deputy CM. Chennai-9.

The Senior PA to the Hon'ble M (F) Chennai-9.

The Senior PA to the Hon'ble M (CT) Chennai-9.

The Commercial Taxes & Registration (B/C/D) Department, Chennai-9.
SF/SC.

// Forwarded // By order //


11/9/09
SECTION OFFICER.
11/9/09