



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 2010-2011 – Orders Issued.

Commercial Taxes and Registration (F1) Department

G.O.(Ms) No.27

Dated: 24.2.2011

Maasi – 12

Thiruvalluvar Aandú 2011

Read:

1. G.O.(Ms) No.60, Commercial Taxes and Registration (F1) Department, dated 28.2.2007.
2. Government letter No.6192/F1/2007-3, Commercial Taxes and Registration (F1) Department, dated 10.8.2007.
3. G.O.(Ms) No.137, Commercial Taxes and Registration (F1) Department, dated 8.9.2009.
4. G.O.(Ms) No.167, Commercial Taxes and Registration (F1) Department, dated 18.11.2009.
5. From the Commissioner of Commercial Taxes Letter No.Q2/21903/2008, dated 8.2.2011.

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% per annum. Subsequently, the Government in the letter second read above, modified the rate of discount from 5% per annum to 7.5% per annum and simultaneously decided to reset the rate every financial year based on the cost of borrowing of the Government in the respective year.

2. In the G.O. fourth read above, the Government have ordered that the rate of discount of 7.5% for the financial year 2007-2008 was made applicable for the for the financial year 2008-2009. In the G.O third read above, the Government have enhanced the rate of discount on the premature payment of deferred taxes at Net Present Value Scheme from the rate of 7.5% to 8% per annum for the financial year 2009-2010

3. In the letter fifth read above, the Commissioner of Commercial Taxes has stated that now a dealer, Tvl.Exide industries Ltd., has come forward to repay under the scheme and therefore the rate could be revised in consonance with the deposit rates in the banks. The Commissioner of Commercial Taxes has also stated that the deposit interest rates (applicable upto Rs.1 crore) in certain banks have been browsed in the website of the respective banks through internet as on 1.2.2011 as detailed below :-

Name of the Bank	Interest	Tenure
IDBI	8.5%	5 years
SBI	8.5%	5 years
Canara Bank	8.5%	5 years
Indian Bank	8.5%	5 years
Punjab National Bank	8.5%	5 years

4. In view of the above facts and due to changed deposit interest rates, the Commissioner of Commercial Taxes has requested the Government to issue order increasing the rate from 8% to 8.5% for the financial year 2010-2011, under the scheme of premature payment of deferred taxes at Net Present Value.

5. The Government have carefully examined the proposal of the Commissioner of Commercial Taxes. The average cost of borrowing for Government during 2010-2011 is around 8.20% only. The Government, therefore, order that the rate of discount of 8% for the Financial Year 2009-2010 be made applicable for the Financial Year 2010-2011 too.

6. This order issues with the concurrence of the Finance Department vide its U.O.No.501/FS/P/2011, Finance Department, dated 15.2.2011.

(BY ORDER OF THE GOVERNOR)

MD.NASIMUDDIN,
SECRETARY TO GOVERNMENT.

To

The Commissioner of Commercial Taxes, Chennai-5.

Copy to:

The Senior PA to Minister (Commercial Taxes), Chennai-2.

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

National Informatics Centre, Chennai-9. (with a request to publish the G.O. in the Tamil Nadu Government Website WWW.tn.gov.in)

The Finance Department, Chennai-9.

SF/ SC

//Forwarded by Order//


24/2/11
Section Officer.