

SUBJECT NO : 127

Sub : VUDA- Visakhapatnam- Government lands auctioned under Resource Mobilization to support State Budget- Demand raised by Income Tax Department on Sale of Government lands- orders dt 09.11.2012 of the Income Tax Appellate Tribunal, Visakhapatnam bench, Visakhapatnam - VUDA Funds Rs.103.54 Crores remitted to I.T Department- Reg.

AGENDA NOTE:

The Government has entrusted the work of auction of Government lands to VUDA vide GO MS No 1401 Revenue (Assignment-I) Department dt 02.11.2007 and to remit the sale proceeds of Government lands to Government under resource mobilization to support State Budget. The process of auction of Government lands and remittance of the sale proceeds to State Budget was continued up to the year 2009-10.

The District Collector, Visakhapatnam has handed over advance possession of Government lands to VUDA in & around Visakhapatnam pending finalization of alienation proposals for auction of Government lands for the above purpose.

As per the targets fixed by the Government to VUDA, VUDA has auctioned the Government lands and remitted the sale proceeds to the Government to a tune of Rs.1180.00 Crores during the period from 2007-08 to 2009-10.

Total sale realization from auction of Government lands during 2007-08 to 2009-10 is Rs.1053.78 Crores out of which an expenditure of Rs.9.10 Crores has been incurred towards development works to those plots in Government lands. So the balance Government lands sale proceeds to a tune of Rs.1044.68 Crores along with VUDA funds to a tune of Rs.135.32 Crores was sent to government towards Resource Mobilization to State Budget.

The Income Tax Department has re-opened the Income Tax Returns for the Assessment years 2008-09 and 2009-10 and levied Income tax for an amount of Rs.382.60 Crores (Rs.356.41 Crores + Rs.26.19 Crores) on sale proceeds of government lands during the above 2 years. Aggrieved by the demand notices and attachment of funds by the Income Tax Department

the VUDA has approached the Hon'ble High Court and Hon'ble I.T.A.T. Visakhapatnam Bench.

As per the interim orders of the ITAT Bench Visakhapatnam on the Stay Petition, the VUDA has remitted Rs.77.48 Crores for the Assessment year 2008-09 towards 25% demand to the I.T department. The I.T Department has withdrawn the funds of Rs.23.06 Crores through attachment of funds from IOB VUDA branch relating to Assessment year 2009-10, in addition to the amount of Rs.3.00 Crores that was already paid by VUDA. So in total VUDA has lost Rs.103.54 Crores towards Income tax on sale proceeds of Government lands from its own funds in-addition to the amount of Rs.135.32 Crores already sent to Government towards Resource Mobilization to State Budget.

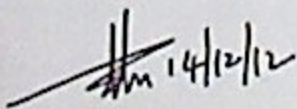
The Hon'ble ITAT, Visakhapatnam bench has pronounced the final order in the above matter on 09.11.2012 vide ITA NO 76 & 77/2012.

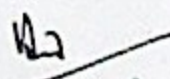
The ITA tribunal also could not assess the ambiguity in GO MS No 1401 dt 02.11.2007.

In the Tribunal order it was held that these discussions show that both the parties have placed heavy reliance on the GO MS No 1401 to draw conclusions to suit their own convenience with regard to the categorization of assets mentioned therein. The contention or the views expressed by both the parties require support of some more documents, particularly those documents which brings out the intention of categorization of Government lands.

In pursuance of the orders of the Income Tax Department the Government in Revenue Department, A.P, Hyderabad has been requested to issue clarification on GO MS No 1401 dt 02.11.2007 so as to submit the information to the I.T Department.

The matter is placed before the Board for favour of perusal & record.


VICE CHAIRMAN


CHAIRMAN

VUDA RESOLUTION NO. 127, DT. 15-12-2012

The Board discussed the matter and resolved to address a letter to the Government through the District Collector, Visakhapatnam to seek a clarification on the issue.


CHAIRMAN