

# Tax Hotline

November 01, 2001

## SPECIAL ADDITIONAL TAX LIKELY IN SOME STATES IN INDIA

Following the implementation of the value-added tax (VAT) regime in the country, some states in India are likely to impose a special additional tax (SAT) on select items, which will not be eligible for set-off under the VAT system.

Many states which have high tax rates or have a multiple incidence of taxation will face a loss of revenue if they levy the proposed VAT at 10 per cent uniform floor rate on a majority of commodities. Under the value-added tax regime, in addition to a short list of exempted commodities, a rate as low as 4 per cent has been recommended on certain essential goods, uniform for all states. Most of the other commodities, across all states, are expected to impose a uniform floor rate of 10 per cent.

It was announced by the government officials who were involved in the changeover to the value-added tax regime, that the floor rate of 10 per cent proposed for a majority of commodities, will be adequate only for few states like Delhi, Uttar Pradesh, Himachal Pradesh and other northern states to maintain revenue-neutrality vis-a-vis the present sales tax system. However some other states are likely to take recourse to imposing a special additional tax to shore up the effective tax rate on most commodities at over 10 per cent

Source: *Business Standard* dated November 7, 2001

## DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Mergers & Acquisitions

July 11, 2025

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Reimagining CSR: From Grant Giving to Blended Finance & Outcome Based Funding

June 16, 2025

### Courts vs Bankruptcy code: The

