

CA Rishabh Singhvi VAT system encourages a seamless flow of credit from the point of origin to the destination. The value chain would involve use of variety of goods and services resulting in the end supply. Goods procured by an enterprise could be consumables, raw materials (being one time use and contained in the final product) or plant/ machinery/ moulds (being multiple use which aid the manufacture/ production of final product). Similarly, provision of services may also entail one-time and/ or multiple time use of goods. The usage of the goods is specific the nature of operations, industry, and objective of the enterprise. An Automobile racer may use its engine only once while Automobile user would use the engine multiple times. Accordingly, it is expected that the former would load the entire value of the engine in one use while the latter would load the value of the engine over the expected life of the engine. Tax authorities have attempted to mimic the extent of.....