

Lucky Homes (Pvt) Ltd

VAT Computation formula

Option 1

Sale Proceeds (SP)		10,000,000
Cost of Purchase (CP)	4,000,000	
Survey Charges (SC)	500,000	
Development Cost (DC)	2,000,000	
Utilities (UL)	400,000	
Travelling (TR)	50,000	
Cost of Sales / Advertizing (AD)	300,000	
Total Cost	7,250,000	(7,250,000)
Profit befor cost of capital		2,750,000

Calculate of Value Addition Percentage

$$\text{Value Addition \%} = \frac{\text{Development Cost}}{(\text{CP} + \text{SC} + \text{DC})} \times 100$$

$$\text{Value Addition \%} = \frac{2,000,000}{6,500,000} = 31\%$$

$$\text{Value of Supply} = \text{Sale Proceeds} \times \text{Value Addition \%}$$

$$\text{Value of Supply} = 10,000,000 \times 31\%$$

$$\text{Value of Supply} = 3,076,923.08$$

$$\text{VAT @ 12.00\%} = \text{Value of supply} \times \text{VAT rate}$$

$$\text{VAT @ 12.00\%} = 3,076,923.08 \times 12.00\%$$

$$\text{VAT @ 12.00\%} = 369,230.77$$


26/9/12


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