

SEMINAR ON RECENT AMENDMENTS UNDER MVAT 2016-17 & NEW AUTOMATION MODULE

Organised By :
Vasai Br & Vasai-Virar CPE Circle
of WIRC of ICAI
FRIDAY 13TH MAY, 2016



Presentation on
Important MVAT Amendments by
CA. SUBHASH M. CHHAJED

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Relevant Acts , Notifications & Circulars

1. MVAT Act & Allied Acts Amendments made vide Mah. Act # 15 of 2016 published on 26 Apr 2016 available on Department website on 27 April 2016 **passing as it is** L.A. Bill # 18 dt. 4 Apr 2016.
2. MVAT Rules Amendments made vide Notification VAT/1516/CR 53/Tax-1 dt 1 Apr 2016.
3. MVAT (2nd Amendment) Rules, 2016 made vide Notification # VAT/1516/CR 52/Tax-1 dt 22 Apr 2016 effective from 1 Apr 2016.
4. CST Bombay Amendment Rules, 2016 made vide Notification # CST/1516/CR 45/Tax-1 dt 22 Apr 2016 effective from 1 Apr 2016.

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5. MVAT Rates Amendments made vide Notification # VAT/1516/CR 31/Tax-1 dt 30 Mar 2016 & # VAT/1516/CR 61/Tax-1 dt 20 Apr 2016.
6. MVAT Composition Schemes Amendments made vide Notification # VAT/1516/CR 51/Tax-1 dt 30 Mar 2016.
7. Mah. Entry Tax Act Amendments made vide Notification # ENG/1516/CR 56/Tax dt 1 Apr 2016
8. Mah. Profession Tax Act Amendments made vide Notification # PFT/1216/CR 26/Tax-3 dt 2 Apr 2016
9. Trade Circular # 9T dt 22 Apr 2016 explaining Certain Amendments
10. Trade Circular No. 14T of 2016 dt. 07/05/2016 to clarify the Amendments

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MVAT Act : Certain Sales / Purchases not taxable u/s 8: Mah. Act # 15 of 2016 published on 26 Apr 2016.

Section 8(3D) inserted in MVAT Act [w.e.f. 1 Apr 2016](#)

- To empower the state Govt. to issue order for full or partial exemption from payment of tax on the transfer of property in goods involved in sizing and wrapping of yarn
- **fully exempt** from tax w.e.f 1/4/2016 vide notification No. VAT -1516/CR-62/Taxation -1 dated 29 April 2016.
- Set off u/r 52 on the capital goods used exclusively
- Set off after retention of 2% of the purchase price of the goods consumed, consumables and packing materials.

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Registration : Mah. Act # 15 of 2016 published on 26 Apr 2016.

Proviso to Sec 16(3) substituted w.e.f. 26 Apr 2016

- 1. Online application for registration** may be **rejected** if it is **incomplete** or prescribed **documents** are not uploaded or are inconsistent or illegible or prescribed **conditions** are not fulfilled.
- 2. Rejection order may be passed, without giving hearing opportunity** to dealer **but give intimation of discrepancies to dealer.**
 - If applicant **complies** to Intimation **within 30 days** of receipt of “rejection order” to authority's satisfaction, the **application will be restored.** Benefit of restoration of application not available if the compliance or rectification is made after 30 days-Application to be treated as a fresh.
 - Applicant shall **comply fully** as above, **only once.**

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2nd Proviso to Sec 16(6) substituted w.e.f. 26 Apr 2016

If Commissioner has reasons to believe that the **registration has been obtained by fraud or misrepresentation** of facts, he may **cancel** the registration after hearing the dealer, **w.e.f. such date** as he may fix in accordance with **rules.**

- If the **business is not commenced within 6 months** from obtaining **voluntary registration** then also RC may be **cancelled** after hearing the dealer (**Said Provision Since 15 Aug 2007**).

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Revised Return : Mah. Act # 15 of 2016 published on 26 Apr 2016.

Sec 20(4)(a) amended w.e.f. 26 Apr 2016.

1. **Suo motu Revision of Return**, on or **before the due date prescribed for filing the Vat Audit Report** for that particular year (as prescribed u/r 66 read with sec. 61 of MVAT Act) **e.g. for FY 2015-16 before 15-1-17**
 2. *Suo motu* revision can be made **multiple times. As per earlier provision the returns could be revised only once on or before the expiry of 10 months from the end of the year.**
 2. **The Amended Provisions shall apply for the revised returns for 2015-16.**
- **Multiple revision** of returns permitted **either suo motu or based on intimation received** from Vat Authorities. (sec 20(4)©)
 - **Revision based on Vat Audit Report can be made only once. (20(4)(b))**

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**Assessment by acceptance of Returns filed
Mah. Act # 15 of 2016 published on 26 Apr 2016.**

Sec 23(2A) inserted w.e.f. 26 Apr 2016

SUMMARY ASSESSMENT

For **periods after 1 Apr 2012**, if the dealer has **filed all returns & paid taxes**, on or **before the due date prescribed for filing the Vat Audit report** of that particular year, the **dealer may be assessed** on basis of such returns i.e. **assessment by acceptance of returns** or **deemed assessed** for a particular period **on expiry of 4 years** from end of the concerned year.

- Commissioner should be satisfied as regards the **correctness & completeness of the returns** filed on the basis of electronic data with dept. (14T of 2016)
- If no assessment order passed within 4 years from the end of the particular year, returns are **deemed** to have been **accepted**.

e.g. for FY 2012-13 the due date is 31-3-2017 for Assessment under this clause.

- Delayed payment of taxes liable to interest u/s 30(2)

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Issue of Intimation of Tax liability & Confirmation Order instead of passing Assessment Order : Mah. Act # 15 of 2016 published on 26 Apr 2016.

Sec 23(5A) & (5B) inserted w.e.f. 26 Apr 2016.

Assessments u/s 23(2),23(3),23(4) and 23(5)

In course of assessment proceedings, the Assessing Officer (AO) may issue an Intimation in prescribed form, about his observation about the tax liability, to dealer. Such intimation shall be communicated at least 6 months before the expiry of the period of limitation for completing the assessment.

- If the Dealer agrees / accepts all the observations specified in the intimation & accordingly pays the taxes and interest & files revised returns within 30 days from the receipt of intimation, then the AO shall issue a "Confirmation Order" & said assessment proceedings shall be deemed to have been closed.
- **Sec 23(5B):** The said amendment shall also apply to assessment proceedings pending as on 1 April 2016.

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Determination of Tax Liability based on Fair Market Price of Sale or Purchase Transactions : Mah. Act # 15 of 2016 published on 26 Apr 2016.

Sec 28(A) inserted w.e.f. Passing and Publication of this Act, deemed to be effective from 1 Apr 2011.

"During the course of any proceedings under the Act, if the Commissioner is of the opinion that any transaction entered into by any dealer for sales price, which is below the prescribed fair market price for commodity for a prescribed class of dealers, so as to be liable, to pay tax less than the tax, which would have been otherwise become payable on such sales or purchases, then the Commissioner shall determine the tax liability as per the fair market price of such transaction while passing an order in the said proceedings."

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1. Govt wants **to replace the sale consideration i.e. actual sale price by prescribed fair market price** for any sale / purchase transaction of the **prescribed class of dealer** and levy tax on such higher deemed value of goods.
2. Vat Authority is given such wide power by which tax liability may be increased.
3. Whether State Govt has such power under Constitution?
 * **St of Rajasthan vs Rajasthan Chemists Asso. (2006) 147 STC 542 (SC)**

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Vat TDS on Works Contracts: Mah. Act # 15 of 2016 published on 26 Apr 2016.

A. Sec 31 (4) & (9) amended w.e.f. 26 Apr 2016.

1. **Credit of Vat TDS, deducted on or after 1 Apr 2016** by the Contractee, can be **claimed either by the Principal Contractor (PC) or the Sub-Contractor (SC)** of said works contract.
2. The principal contractor can **transfer credit** of such Vat TDS to the sub-contractor by filing form No. 424A electronically and issue certificate in form 402A to SC. No time limit for 424A but advisable at the earliest. PC to Register in form 404A for transfer of Tax Credit.
 - **PC can claim credit** of such VAT TDS **in the period in which the TDS certificate is received** by him.
 - If such Vat TDS is transferred by PC to SC then **SC can claim credit** of such TDS **in the period in which it is transferred or in any subsequent period.**
 - **PC or SC shall not be called upon to pay tax himself to the extent of respective TDS claim. [Sec.31(9)]**

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Vat TDS: Mah Act # 15 of 2016 published on 26 Apr 2016.

B. Sec 31(8) inserted w.e.f. date to be notified

1. An employer (**URD Contractee**) liable to deduct Vat TDS, shall **apply in prescribed manner** to prescribed authority for obtaining **Sales Tax Deduction account number (STD A/c #)**. E application
1. **Registered Dealer (RD) Contractee under MVAT Act need not apply for STD. (TIN may be used)**

C. Sec 31(12) inserted w.e.f. 26 Apr 2016.

Failure to obtain STD A/c # as aforesaid, Commissioner may impose **penalty of a sum upto the Vat TDS amount deductible**, for the period of such failure.

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Vat TDS: Mah Act # 15 of 2016 published on 26 Apr 2016.

D. Sec 31(10) & (11) inserted w.e.f. 26 Apr 2016.

1. Periodicity of filing the return changed to monthly - Employer shall file monthly **VAT TDS return for the relevant month within 21 days from the end of the month**(Form 424) – Earlier yearly return within 3 months from the end of the year was required to be filed by employer. 31(1)
2. Vat TDS Return can be **revised within 9 months from end of the relevant year**. 31(11)

E. Sec 31(13) inserted w.e.f. 26 Apr 2016.

Failure to file Vat TDS return within prescribed time, shall **attract a penalty of Rs 5,000/-** .

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

1. **Old AR Provisions** of Advance Ruling u/s 55 was **never implemented**.
Old DDQ provisions merged with New AR provisions.
2. **Make an application to Commissioner** for Advance Ruling (AR) on the **Questions, in the Form & Manner as Prescribed.(Form No. 703)**
3. **Advance Ruling Authority (ARA)** to be **constituted by Commissioner** by issuing notification, comprising of **3 officials**, not below the **rank of JC**.
Commissioner may **allot any or all the questions prescribed** to such ARA.
4. Commissioner may also allot any **pending DDQ** application u/s 56 to such ARA.

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

5. Commissioner or ARA shall make **Advance Ruling within 90 days** from the date of acceptance of application.
6. Applicant may **withdraw application within 30 days** from the date of submission of application.
 - **DDQ provisions u/s 56 deleted** from 1 May 2016.
 - **Pending DDQ applications** on 1 May 2016 will be dealt with under this new AR provisions.

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

7. If the **Question/ Issue** is **already pending before** the Tribunal or BHC or SC **in respect of the Applicant** OR relates to a **transaction** which is **designed** apparently **for tax avoidance** then such issue **cannot be applied for AR.**

- Commr or ARA may call for a **Report from concerned officer. (Form 703A)**
- Communication about acceptance of application** shall be made to applicant **within 30 days** of submission of application.**(Form 703B)**
- Rejection** of application only **after hearing & recording reasons in order.**

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

8. **AR of Commr shall be binding on** all Subordinate officers including appellate authority **and AAR**

- AR of AAR shall be binding on** all Subordinate officers including appellate authority **but not to Commissioner.**

9. Commissioner / AAR **may protect past tax liability of applicant/ other similar Person**, for any sale/ Purchase effected prior to AR.

10. **Appeal** against ARO lies **before Tribunal** which shall be subject to **prescribed conditions.**

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

11. **Appeal** shall be filed **within 30 days** from the date of communication of ARO. **Belated appeal will not be entertained under any circumstances whatsoever.**
12. ARO passed by ARA shall be subject to any directions / instructions u/s 10(10) or DDQ order issued by Commr
13. **Rectification of apparent mistake in AR:** Commr or ARA may rectify any mistake apparent from the record & **after hearing** applicant, pass rectification order **before original order's effect is given by concerned officer. (Notice to Dealer - Form No. 703C)**

Applicant may also apply for rectification of AR, within 30 days of receipt of AR. Rectification order shall be passed within 60 days from the date of receipt of AR by applicant. (Form No. 703D)

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Advance Rulings under MVAT Act ... Mah Act #15 of 2016 published on 26 Apr 2016.

Sec. 55 substituted w.e.f. 1 May 2016

14. Commr may review the AR of ARA & **if it is erroneous such that prejudicial to the interest of revenue** then after hearing applicant, pass **review order within 6 months** from end of the year containing the date of AR. **Commr may review his own AR or earlier DDQ Order, after obtaining prior permission of State Govt., & after hearing applicant, pass review order within next 3 months.** of getting such permission. **Review Order may protect past tax liability of applicant/ other similar Person,** for any sale/purchase effected prior to review order.
15. **Commr shall formulate Regulations** regarding the procedure to be followed for AR

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Collection of Statistics u/s 70: Mah. Act # 15 of 2016 published on 26 Apr 2016.

1. **Commr has powers** u/s 70 to direct that **Specific Statistics** be collected relating to any matter **from any person for better administration of MVAT Act** for which he may issue Notification & notice in Newspapers.
1. Any person who **fails to furnish information** as notified u/s 70, within prescribed period, shall be liable to pay **penalty of a sum not exceeding Rs. 1 Lakh** and in case of **continuing default for a period beyond 2 months, a further penalty of Rs.1000 per day** of delay.

E.g. E-commerce Companies..... **DIGITAL Era**

Entry Tax: Mah. Act # 15 of 2016 published on 26 Apr 2016

Sec 6A inserted w.e.f. 26 Apr 2016

MVAT Act Provisions & Rules pertaining to **electronic return filing, tax payment, electronic application, appeal or any other electronic documents** made applicable under Entry Tax law also.

Prof. Tax: Mah. Act # 15 of 2016 published on 26 Apr 2016.

**Amnesty Scheme for Self Employed Persons (PT EC Holder)
from 1 Apr 2016 to 30 Sept 2016 (Sec. 3(3))**

New Applicants for PT EC, applications pending as on 1 April 2016 and PT EC applications filed from 1 Apr 2016 to 30 Sep 2016 Can be asked **to pay tax for the periods only after 1 Apr 2013**. Thus, max liability for FY 2013 – 2014 onwards, waiving liability for earlier periods.

- To pay full tax + interest @ 1.25% p.m. for delayed period.
- To pay above sum between 1 Apr 2016 and 30 Sept 2016.
- If benefit of this not taken then, liability payable since 2008-09 and onwards.
- For FY 2016 -2017, due dt is 30 June 2016.

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Prof. Tax: Mah. Act # 15 of 2016 published on 26 Apr 2016.

**Amnesty Scheme for Self Employed Persons (PT EC Holder)
from 1 Apr 2016 to 30 Sept 2016 (Sec. 3(3))**

Clause (h) inserted in Sec 27A w.e.f. 1 April 2016

Armed members of CRPF & BSF, serving in MAH. State have been **exempted** from the levy & charge of Profession Tax.

Amnesty Scheme clarified vide Trade Circular No.12T of 2016 dt. 6/5/2016

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MVAT Rules Amendments

Notification # VAT/1516/CR 53/Tax -1 / dt. 1st April 2016

Amendment to MVAT setoff Rules w.e.f. 1 Apr 2016.....

Rule 52B amended from 1 April 2016

Rule 52B was inserted from 1 Jan 2016 such that:

1. If a dealer purchases “**aerated and carbonated non-alcoholic beverages (D-13) & Cigar/cigarettes (D-14)**” and **resale in interstate trade**, then setoff will be granted only to the extent of CST paid or payable.
2. If said goods are **resold locally or resold in the course of export then full set off** is allowable.
3. **Setoff** can be claimed only in the month of resale of such goods.
4. No set off in case of branch transfer u/s 6A of CST Act.

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Rule 52B amended from 1 April 2016

GIST of Amendments from 1st April 2016 :

Said Rule applicability expanded by adding new category of goods from 1 Apr 2016.

Rule 52B (1) [sub clause (ii) inserted]:

....Purchase of “**mobile phones / cellular handsets**”....

1. If such goods are manufactured and sold then is this rule applicable qua such manufactured goods?
2. If such goods are purchased & used by self/ staff/ guests then this rule applicable?
3. How to match J1 & J2?

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Amendment to MVAT setoff Rules w.e.f. 1 Apr 2016.....

Rule 54(a) amended w.e.f. from 1 April 2016

Provision u/r 54(a) from 1st May 2013 till 31st March 2016.

Purchase of passenger motor vehicle is not eligible for setoff, if it is capitalized & used for self.

If it is given on hire then setoff was available till 30 Apr 2013.

However, from 1 May 2013, even such person does not get said setoff.

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Rule 54(a) amended w.e.f. from 1 April 2016

GIST of amendments u/r 54(a) and inserting clause (11) u/r 53 , effective from 1st April 2016 .

If dealer is engaged in **business of transferring right to use** (hire/rental) of "passenger motor vehicles" then setoff will be granted on its purchase, only to the extent of tax payable on such transfer of right to use. Said setoff shall be claimed in the period in which such right to use is transferred.

- Applicable to the purchases of Motor Vehicles effected on or after 01/04/2016.
- Vehicle-wise record of purchase and its hire, is required to be maintained,

Unabsorbed Setoff in a Financial Year has to be ignored? Or Claimed? Or Carried Forward? How to match J1 & J2?

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Amendment to MVAT setoff Rules w.e.f. 1 Apr 2016.....

Rule 54(b) amended wef from 1 April 2016

the word "purchases" **substituted by** words "entry or purchase..."

Thus set off of entry tax paid or vat paid on purchase of diesel, petrol, ATF... is denied as provided u/r 54(b)

Dealer used to interpret that Rule 54(b) is applicable only to VAT paid on purchases of such goods and not on Entry Tax paid on such goods. So, said clause amended to clarify that even the entry tax is not eligible for set off.

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MVAT (2nd Amendment) Rules 2016

Notification # VAT 1516/CR 52/Tax-1 dt. 22 Apr 2016

Defn., Registration Rules 2, 8, 16 amended wef 1 Apr 2016

1. **'Website'** means the website of the Dept of Sales Tax i.e. www.mahavat.gov.in (Rule 2(1)(p))
2. **Registration application** be submitted electronically on website in Form 101... **alongwith Form 105** (Declaring Name & Address of Manager of business giving his sign) wherever necessary u/s 19,... replacing making application to registering authority within whose jurisdiction the principal POB is situated (Rule 8(1), (3), (4), (5), Rule 16(1), (2))
3. **Registration application** be filed online with a copy of **recent photograph** in PP size (Rule 8(7))
4. **Requirement of personal attendance** of applicant & signing his photo, producing PAN card & Bank A/c proof, **deleted**, . (Rule 8(8)) deleted & Rule 8(12) modified)
5. **Requirement of introduction** by another RD in case of voluntary Regn. application, **deleted**. (sub-rule (11) of Rule 8 deleted)
6. Customs Department, Departments of Union/ any State Government, Local authorities, Port Trusts, Indian Railways and Konkan Railway Corporation Limited **having TAN under IT Act** may not have to produce PAN / Bank A/c evidence while applying for regn. (Rule 8(12) Proviso)

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Returns u/r 17 amended wef 1 Apr 2016

1. **Online Return** forms replaced physical forms (Rule 17(1))
2. **Certificate of Entitlement holder** under any PSI Scheme (except Power Generation Promotion Policy, 1998) shall also file Return in form 231 if liable to file it, in addition to form 234 (Rule 17(1) Explanation II substituted)
3. **Every RD, for the periods from 1 Apr 2016 shall submit Return online as per the procedure made available on Website (Rule 17(2))**
4. **Every RD whose tax liability** during previous year (PY) exceeded Rs. 10 Lakhs **or whose refund entitlement exceeded during PY exceeded Rs. 1 Crore shall file Monthly Return within next 21 days Other RD shall file Quarterly Returns within next 21 days** (Rule 17(4A))
5. Works Contract Composition Dealer, Builder/Developer Composition Dealer, mandap / Tarpaulin TRU Composition dealer and **dealers not liable for vat audit shall file last monthly / quarterly return, along with other details for entire year in annexures appended to form 704, on or before 21st Apr.**

(Composition Retailers/Restaurant/Bakery/Second-hand car dealers not required to file such details) (Proviso to Rule 17(4A))

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Returns u/r 18 & TIN Cert in Form 102 amended wef 1 Apr 2016

1. Dealer registered after 1 Apr 2016, shall file **monthly returns for URD as well as RD periods till the end of the 1st year** of obtaining regn. (Rule 18(1A))
2. RD whose TIN is cancelled from 1 Apr 2016 or thereafter shall **file last monthly / quarterly return, along with other details for entire/part of the year, in annexures appended to form 704.** (Rule 18(2A))
3. **EC holder** who has executed WC or has Transferred Right to Use goods or has part of the business under composition shall also file monthly return in form 233 in addition to form 234. (Rule 18(3A))
4. **TIN Certificate in form 102 amended** to include Name of Proprietor & Trade/Brand Name in addition to Name of Business.

Note: Refer exact text of amended rules as here only certain important amendments are explained

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CST (Bombay Amendment) Rules, 2016 made vide Notification # CST/1516/CR 45/Tax-1 dt 22 Apr 2016 effective from 1 Apr 2016.

1. CST Return Form III(E) substituted:

Separate column for Goods Returns, CN for price diff or discount, direct exports, sale under form 'H', sale in course of import, freight cost, labour charges, sales inclusive of CST, excess CST collected, late fees payable, **deduction for:** B/f refund from previous return, MVAT refund adjusted to CST payable, amt paid earlier, RAO,

Balance amt: C/f to next return / claimed as refund / payable & paid.

Annexure to fill up transaction wise sales details like for MVAT Return

2. CST Form V(B) u/r 8 substituted which is for Declaration of Manager / Authorized Signatory (AS) of the business like form 105 under MVAT Rules.

More than one person can be nominated as manager / AS

Who can sign said form is mentioned below the form

Mah. Govt is authorized to collect information from UID Authority

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MVAT Rates Amendments

Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016

effective from 1 April 2016:

Tax free commodities with sun-set clause expiring on 31 Mar 2016 extended upto 31 Mar 2017....

| Sched ule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|-----------------------|--|------------------------|------------------------|---|
| A-9A | (a) Paddy, rice, wheat and pulses in whole grain, split or broken form | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |
| A-9A | (b) The flour of wheat & rice including atta, maida, rawa and suji whether sold singly or in mixed form; | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |
| A-9A | (c) The flour of pulses including besan when sold singly and not mixed with flour of other pulses or cereals | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Tax free period extended

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|----------------|--|---------------------|------------------------|---|
| A-51 | (i) Papad except when served for consumption | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |
| A-51 | (ii) Gur (Jaggery) | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |
| A-51 | iii) Chillies, turmeric and tamarind whole, powdered or separated but excluding Chilly seed and tamarind seed when sold in separated form; | NIL | NIL till 31 March 2017 | Tax free when sold from 1st May 2006 to 31 Mar 2017 (Exemption extended) |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Tax free period extended

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|----------------|---|---------------------|------------------------|--|
| A-51 | iv) Coriander seeds, Fenugreek and Parsley (Suva) whole or powdered; | NIL | NIL till 31 March 2017 | Taxfree when sold from 1st May 2006 to 31st March 2017 (Exemption extended) |
| A-51 | v) Coconut in shell and separated kernel of coconut, other than copra | NIL | NIL till 31 March 2017 | Taxfree when sold from 1st May 2006 to 31st March 2017 (Exemption extended) |
| A-51 | vi) Solapuri chaddars; | NIL | NIL till 31 March 2017 | Taxfree when sold from 1st May 2006 to 31st March 2017 (Exemption extended) |
| A-51 | vii) Towels ("Under CETH 6304 9260" words removed by new Notification Notfn # 1516/CR-61/ Tax-1 dt 20-4-16 wef 1 Apr 16, i.e. All types of Towels made taxfree) | NIL | NIL till 31 March 2017 | Exemption extended upto 31st March 2017; "Terry towel" was to be taxed @ 5.5% from 1 Apr 16 u/e C-81 but again made taxfree); Q. Consequence of Tax collected during 1 Apr 16 till 19 Apr 16? [Sec. 60 & 29(10)] |
| A-51 | viii) Wet dates | NIL | NIL till 31 March 2017 | Taxfree when sold from 1st May 2006 to 31st March 2017 (Exemption extended) |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Tax free / Lower rate period extended

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|----------------|---|-----------------------------------|------------------------|--|
| A-59 | Raisins & Currants | NIL | NIL till 31 March 2017 | Taxfree when sold from 1 June 2010 to 31 March 2017 (Exemption extended). Other dry fruits @ 5.5% u/e C-108A from 1 Apr 16 |
| C-108(1)(b) | Tea in leaf or powder form including instant tea. | 5% from 1 Apr 2010 to 31 Mar 2016 | 5.5% upto 31 Mar 2017 | (a) Lower rate continued for 1 more year; (b) coffee beans & seeds, cocoa pod, <u>green tea leaf</u> and chicory taxed @ 5.5% u/e. C-23 wef 1 April 2016 |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Goods made Tax free

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|-----------------|---|---|-------------------|--|
| A-12A (2) (new) | Mammography Machines, used for the diagnosis of Breast Cancer | 12.5% | NIL | |
| A-13A | Hybrid electric & battery operated buses sold to public transport undertaking in Mah. for public transport | 12.5% u/e. E-1; 5% u/e. C-115: Vehicles operated on battery or solar power] | NIL | Conditional Exemption |
| A-27B | Handicrafts made of Bamboo | 5% u/e. C-10 | NIL | Bamboo (say...used for scaffolding) & other Bamboo products (even its furniture) continues taxable @ 5.5% u/e.C-10 |
| A-59A | "Retrofit kits" used to modify the vehicles for handicapped persons [Such vehicles already taxfree u/e A-63 wef 27-12-2013] | 12.5% | NIL | Selling Dealers shall be authorized by Testing Agencies prescribed u/r 126 of Central Motor Vehicle Rules 1989. |

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Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016

effective from 1 April 2016:

List of goods taxed @ 2% or 3% even after 1 Apr 2016 though certain Sch. C goods rate increased from 5% to 5.5% wef 1 Apr 2016

| Schedule Entry | Goods Description | Tax Rate |
|----------------|---|-----------------|
| C-4 (a) | Cotton yarn excluding cotton yarn waste | 2% wef 1 Apr 12 |
| C-25 (a) | Cotton excluding cotton waste | 2% wef 1 Aug 14 |
| C-58 (a) | Kerosene sold through PDS | 3% wef 8 Jul 11 |
| C-58 (b) | LPG for domestic use | 3% wef 1 Apr 12 |

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Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016

effective from 1 April 2016:

Following goods continue to be taxed @ 5% even after 1 Apr 16 (i.e. other Schedule 'C' goods will be taxed @5.5% wef 1 Apr 16)...

| Schedule Entry | Goods Description |
|----------------|---|
| C-8 | ATF sold to Turbo-prop aircraft (Declared Goods (DG) specified u/s 14 of CST Act) |
| C-22 | Coal including coke in all forms excluding charcoal (DG) |
| C-27 | Crude Oil... (DG) |
| C-45 | Hides & skins, whether in raw or dressed state (i.e. leather) (DG) |

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Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016

effective from 1 April 2016:

**...Following goods continue to be taxed @ 5% even after 1 Apr 16
(i.e. other Schedule 'C' goods will be taxed @5.5% wef 1 Apr 16)**

| Schedule Entry | Goods Description |
|----------------|---|
| C-55 | Iron & Steel (DG (Declared Goods)...CST Sec. 14) |
| Note for C-55B | "Tool, alloy, special steels of any of the categories, specified in clause (x) to (xv) of entry C-55".... Shall be Covered by C-55B be taxed @5.5% from 1 Apr 16; [Bansal Wire Ind 42 VST 372 (SC) & Circular # 11T dt 4 Apr 2014 & 15T dt 6 Aug 2014] |
| C-57 | Jute.... (DG) |
| C-68 | Oilseeds.....except cotton seed....(DG) |
| C-101(a) | Fabrics & sugar defined as DG (other notified varieties of textile & textile articles covered u/e c-101(b) will be taxed @ 5.5% from 1 Apr 16) |
| Sch. D & E | Residuary rate 12.5% u/e E-1 & Special rates u/e D continue |

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Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016

effective from 1 April 2016:

Tax free period extended

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|-----------------|---|---------------------|-------------------|--|
| C-3A (new) | Barbed wire, wire mesh, chain link | 12.5% | 5.5% | |
| C-25(c) (new) | Cotton seed (Gossypium Spp) | 5% u/e. C-68(iii) | 2% | Entry C-68(iii) deleted from 1 Apr 16; Cotton & Cotton Yarn taxed @ 2% |
| C-29A (e) (new) | Sterile water for injection | 12.5% | 5.5% | Saline water & distilled water @ 5.5% u/e C-107(8) |
| C-79A (new) | Pyrolysis oil made from plastic scrap and organic waste | 12.5% | 5.5% | Pyrolysis oil is used as fuel in boilers, furnaces, etc. |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Tax Rate Lowered

| Schedule Entry | Goods Description | Rate up to 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|--|--|----------------------|-------------------|--|
| C-82B (new) | Repossessed motor vehicles , sold by banks and financial Institutions. | 12.5% | 5.5% | 1. Entry tax or sales tax should have been paid at earlier stage in the State. 2. Dealer in used vehicles continue to pay CS @ 1.88% of Sales Turnover subject to prescribed conditions . 3. Others will continue to pay @ 12.5% |
| C-104 (c) (amended to include said products) | Pencil box, gum, gluesticks, stapler pins, tape dispensers, dusters & files | 12.5% | 5.5% | A-1: Agricultural dusters@ Taxfree C-81(b): dusters i.e. made up textile articles as notified.....@ 5.5% |

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**Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016
effective from 1 April 2016:**

Tax Rate Lowered / increased

| Schedule Entry | Goods Description | Rate upto 31 Mar 16 | Rate wef 1 Apr 16 | Remark/ condition |
|------------------------|---|---|-------------------|---|
| C-111 (amended) | LED tube lights | 12.5% | 5.5% | LED bulbs taxed @ 5% from 1 Apr 15 & @ 5.5% from 1 Apr 16 |
| C-29(a) | 'Hair Oil' excluded from this entry of "drugs" | 5% | 12.5% | Thus, medicated hair oil also Taxed @ 12.5% |
| Expl. Added to C-30 | Coconut oil measuring upto 500ml & sold in any form of packaging is excluded from this entry | 5% | 12.5% | Generally, such oil is used as hair oil so taxed at higher rate; such Oil loose or in more weight taxed @ 5.5% |
| C-107 Clause (g) (new) | Processed, semi- processed, semi cooked, ready-mix, ready to eat, shelled sweet corn whether or not sold in a frozen state / sealed container / brand name | NIL or 5% or 12.5%?? (dispute pending before BHC) | 5.5% | 1. Corn (maize) is a cereal i.e. taxfree u/e. A-9 (MSTT LB); Sec. 5 of MVAT Act 2. Processed corn, etc now taxed @ 5.5% 3. When served for consumption, taxed @ 12.5% |

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Notfn No. VAT 1516/CR 31/ Taxn1 dt. 30 March 2016 effective from 1 April 2016: Sch Entry number changed, rate changes from 5% to 5.5% w.e.f. 1 Apr 2016

- ❑ Vegetable oil including gingili oil, castor oil & bran oil which was covered by Sch Entry C-102, now deleted & shifted to Sch Entry C-30(b), taxable @ 5.5% wef 1 Apr 16.

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Composition schemes amended vide Notfn No. VAT 1516/CR 51/ Tax-1 dt. 30 March 2016 effective from 1 April 2016:

➤ **Restaurant, Hotels, Clubs, caterers,... having gradation upto 3 stars:**

1. CS @ 5% of turnover of sales if RD's turnover is up to Rs. 3 cr in previous year
2. CS @ 8% of turnover of sales if RD's turnover exceeds Rs. 3 cr in previous year
3. CS @ 10% of turnover of sales in case of of URD
4. 'Turnover' of food & non-alcoholic drinks only to be considered
5. 'Liquor' taxation remains same
6. New condition # viii & ix inserted to grant or reverse setoff on stock & purchases from the date of opting out or opting in, composition scheme, in the 1st Return filed after selecting option.
7. **Application in Form 1 or 2 be made on or before 15 May 2016**, to JC of concerned Nodal division or JC (Vat Adm).

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Composition schemes amended vide Notfn No. VAT 1516/CR 51/ Taxn1 dt. 30 March 2016 effective from 1 April 2016:

➤ **Bakers:**

1. Composition sum not payable on sales of bread in loaf / rolls / slices, toasted or otherwise (A-7), in case of RD as well as URD
2. Composition rate 4 % for RD & 6% for URD continues.
3. Application in Form-3 be made to JC (Vat Adm) concerned or JC of concerned Nodal division.

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Composition schemes amended vide Notfn No. VAT 1516/CR 51/ Taxn1 dt. 30 March 2016 effective from 1 April 2016:

➤ **Retailers:**

1. Retailers having turnover of sales upto Rs. 50 lakhs in previous year were eligible for Composition scheme (Trade Circular # 17T dt 20-9-2014). The said turnover limit now raised upto Rs. 1 Cr
2. Condition # vi deleted which means return periodicity will be as per normal dealer i.e. quarterly or half yearly or as per Dept website
3. CS rate @ 1% of total sales or @ 1.5% of sale of taxable goods, continue.
4. Upload Online Application in Form 4A to opt in CS or Form 4B to opt out of CS on or before 30 Apr 2016 (JC Nodal Dvn for Mumbai & Pune)

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Amendment under Entry Tax w.e.f. 1 Apr 2016

New Sch. Entry 15 (2) inserted under Mah. Tax on Entry of Goods into Local Areas Act, 2002 w.e.f. 1 April 2016.

1. "Slabs of Marble & Granite" brought under the Entry Tax net by inserting sub-entry (2) to Sch. Entry 15;
 2. Entry Tax to be levied @ 12.5% w.e.f. 1 Apr 2016
- The original entry 15 which was inserted from 1 Apr 2008... "All types of tiles whether..... & earthen roofing tiles" reclassified as sub- entry (1) to Sch. Entry 15.
 - ET paid is eligible for setoff under MVAT Rules, as per setoff provisions.

Amendment to Profession Tax w.e.f. 1 Apr 2016

New Entry (6) Inserted w.e.f 1 Apr 2016 in the Schedule appended to Profession Tax Act.

Educational Institution receiving state govt. grant, is exempt from payment of late fee for late uploading of returns up to the period ending on 31 Mar 2016.

1. Returns up to March 2016 to be filed on or before 30 June 2016.
2. However, Taxes payable should have been paid before 31 March 2016.
3. Interest u/s 9(2) to be paid on or before 30 June 2016.
4. Application to be made to prescribed authority along with proof of it being an aided educational institution.

Trade Circular No. 12T of 2016. dt: 6th May, 2016.

**The Maharashtra Settlement of Arrears in Disputes Act , 2016
(Published in Mah Govt. Gazette on 26th April 2016)**

Trade Circular No. 10T of 2016 Dt. 3rd May 2016. & 10(A)T of 2016

1. Applicability

- All the Acts administered by The Sales Tax Department
- Statutory orders passed for the period ending on or before 31st March 2012.

2. Time Limit

Correct and complete Application on or before 30th September 2016 in **Form – I** .

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3. Authority

- Application to concerned Nodal Officer or Nodal Jt. Commissioner of ST (VAT Adm)
(In case of Profession Tax disputes – PTO)

4. Arrears in Dispute { Sec 2(2) }

- Tax Interest and Penalty in respect of Statutory Orders for the period ending on or before 31st March 2012
- Appeal filed and Stay obtained in full or part by appellate Authority, Tribunal or Court.

5. Conditions for Settlement

- Withdraw the Appeal
- Application to accompany
Copy of Order, Stay Order, Order of Withdrawal, Payment Challans of requisite amount{ Sec 6(1) or Sec 6(2) }, Challans of Undisputed arrears .

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6. Payment of Requisite Amount

- Entire amount of Tax
- No Interest Amount for any Assessment period ending on or before 31st March 2005
- 25% of Outstanding Interest for any Assessment period starting from 1st April 2005 to 31st March 2012.

7. Credit of the required amount

- Part payment made in appeal to be adjusted first towards Tax
- Payment made after Statutory order but before filing the appeal
- No Refund.

8. Benefits of Settlement

- Waiver of Interest and penalty
- Application against penalty order under section 61(2) of the MVAT Act.

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9. Procedural Aspect

- Applicant to file application in Form 1
- Authority to issue defect notice in case of Defective Application within 7 days in **Form II**
- Applicant to comply with within 15 days
- Authority to pass the settlement order within 30days from compliance
- Order of rejection within 30 days after opportunity
- In case of Short payment proportionate settlement possible
- Order of settlement in **Form IV**
- Rectification of mistake apparent from record either at officers own motion or application in **Form VI** within 30 days from the receipt of order of Settlement
- No rectification without issuing notice in **Form V** – Opportunity to dealer
- Appeal against the order of rejection within 60 days. (**Form – III**)
- Notice for review in **Form VIII**
- Order of Revocation in **Form – VII** (Misrepresentation , Suppression of Facts , False Information)

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THANK YOU

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