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**Newsflash: Proposed amendments - Maharashtra
Budget 2019-20**

1.0 Maharashtra Budget 2019-20

Maharashtra Government on 18 June 2019 presented additional budget for 2019-20.

2.0 Proposed amendments to the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019 are as under:-

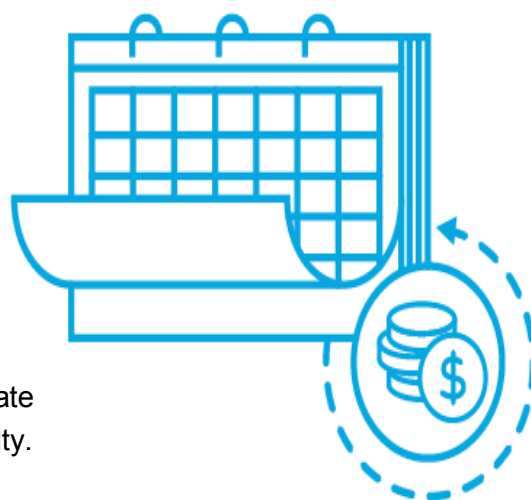
- To get benefits under the Amnesty Scheme, the applicant, is required to make the payment of requisite amount, which is sum of the amount of undisputed tax paid in full, and certain percentage of the disputed tax, interest, penalty and late fee, as given in the Annexure- A and Annexure-B, appended to the Ordinance.
- On payment of the requisite amount, the applicant is entitled for certain percentage of waiver in disputed tax, interest, penalty and late fee.
- Time limit to avail the benefits under the Scheme is proposed to be extended by a month so that maximum number of taxpayers can avail the benefits.
- Accordingly, the First Phase will end on 31st July 2019 whereas the Second Phase will end on 31st August 2019.
- The arrears as per statutory orders passed and returns or the revised returns filed on or before 16th August 2019 shall also be eligible for settlement Scheme.
- The existing provisions of the Ordinance provides that any amount paid on or before 31st March 2019 in pursuance of the statutory order is to be first adjusted against the tax and then towards the interest, penalty or late fee, sequentially.
- However, it is necessary, to bring clarity as to whether said tax amount is to be first adjusted against the undisputed tax or the disputed tax.
- In view of the above, an amendment is proposed to determine the ratio between the amount of undisputed tax and the amount of disputed tax so demanded as per the statutory order.
- To arrive at balance amount eligible for settlement, the amount paid till 31st March 2019 shall be reduced from the total tax outstanding and after such reduction, the ratio as aforesaid shall be applied to determine the undisputed tax and disputed tax that is eligible for settlement.
- Appeal provisions under the Value Added Tax Act provide that on account of the demand raised under the Central Sales Tax Act, 1956 towards non-receipt of declarations / certificates for admission of appeal, the appellant is required to make the payment of the 100 percent of tax amount in respect of such non-receipt of declarations / certificates.



- In view of the said appeal provisions, the amount paid till 31st March 2019 will be adjusted towards tax liability raised due to non-receipt of such declarations / certificates. In this scenario the applicant, who desires to settle the demand raised on aforesaid grounds shall be entitled to get the benefits only in respect of interest and penalty.
- Amnesty Scheme is also applicable for the arrears under the Entry Tax Act, 1987.
- The amendment is proposed to provide that the applicant, who has taken the benefits under the provision of the Ordinance, in respect of the arrears outstanding under the Act or arrears as per any statutory order, then, such applicant, shall not be entitled to claim set-off under the Maharashtra Value Added Tax Rules, 2005 or, as the case may be, under Bombay Sales Tax Act, 1959, of any amount paid on or before or after 31st March 2019, in appeal or otherwise.

3.0 Profession Tax Act:—

- All enrolment certificate holders shall be allowed to pay profession tax up to the end of the respective year.
- This amendment shall be applicable from 2019-20 onwards.
- It is propose to delete this provision regarding penalty for default in obtaining enrollment certificate.
- However, it is proposed to charge fixed interest at the rate of 1.25% per month or part thereof in place of the penalty.



4.0 Maharashtra Value Added Tax Act:—

- To avoid the production of all the books of accounts by dealers, such cases are selected for transaction wise assessments, considering the tax liability, which also saves time of dealers.
- It is proposed to make changes in the VAT law so that the refund, claimed in returns or as mentioned in audit report in Form-704, can be considered even in cases, which are selected for transaction-wise assessments.
- Due to this proposal, the dealers, whose claim of refund in returns or as mentioned in audit report in Form-704 is more than the revenue risk determined by the assessing authority, can be granted remaining refund, after adjustment of dues.
- This amendment is proposed to be effective from 1st April 2005, so that the amended provision becomes applicable even for pending appeals.
- It is proposed that the VAT dealers, whose turnover in a year is above rupees one crore but tax liability in that year does not exceed rupees twenty five thousand, need not get their accounts audited by a auditor and need not file audit report in Form-704. This amendment shall be applicable from 2019-20 onwards.

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In this newsflash we have endeavoured to highlight certain significant aspects of Maharashtra Budget presented by Mr Sudhir Mungantiwar on 18 June 2019. The effective dates of budget proposals would vary. It may be noted that nothing contained in this publication should be considered as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the topics covered in this publication. Appropriate professional advice should be sought for applicability of legal provisions based upon specific facts. We are not responsible for any liability arising from any statements or errors contained in this publication.

20 June 2019