

# THE POWER OF BEING UNDERSTOOD

[www.rsmindia.in](http://www.rsmindia.in)

## NEWSFLASH: MAHARASHTRA STATE BUDGET 2016-17

-Key Highlights

## 1.0 Background

On 18 March 2016 Maharashtra Finance Minister has presented the State budget for the year 2016-17. The changes effected in various regulations shall be effective from a date to be notified unless otherwise specified .

## 2.0 Amendments in Maharashtra Value Added Tax Act, 2002 ('MVAT Act, 2002')

2.1 VAT rate is increased from 5% to 5.5%, excluding declared goods as mentioned under Section 14 of Central Sales Act, 1956 such as cereals, paddy, rice, wheat, jowar, coal, cotton, iron and steel, etc.

2.2 It is proposed to reduce / increase rate of tax on following products:

Sr. no.	Type of product	Tax Rate (%)	
		Present	Proposed w. e. f. 1 April 2016
1	Sterile water for injections	12.5%	5.5%
2	LED Tubes	12.5%	5.5%
3	Pyrolysis Oil	12.5%	5.5%
4	Barbed Wire, Wire Mesh and chain links mainly used by farmer	12.5%	5.5%
5	Pencil Box, Stapler pins, Dusters, Gum ,Gum-sticks, Tape dispenser and all types of files used by students	12.5%	5.5%
6	Coconut hair oil sold in pack upto 500 ml	5%	12.5%
7	Terry-towels	0%	5.5%
8	Tea	5%	5.5%
9	Sweet Corns	0%	5.5%
10	Cotton Seeds	5%	2%
11	Buses operated on battery or Hybrid fuel which are used for public transport and purchased by public transport undertakings	5%	0%
12	Used vehicles sold by the banks and Financial Institutions (subject to certain conditions)	12.5%	5.5%
13	Retrofit kit fitted to vehicles for differently abled persons	12.5%	0%
14	Mammography machines used for detection of breast cancers	12.5%	0%
15	Bamboo handicraft products excluding Bamboo furniture	5%	0%

2.3 It is being proposed to grant exemption to following process:

Sr.No	Type of process
1	Warping and Sizing of Yarn

2.4 In respect of following goods, it is proposed to extend the existing tax exemption / concession up to 31 March 2017:

Sr. No	Types of products	VAT Rate
1	Rice, wheat, pulses, and flours thereof, chillies, turmeric, jaggery , tamarind, coconut, coriander seeds, fenugreek, parsley (suva), papad, wet dates and Solapuri Chadars and towels other than Terry towels	0%
2	Currants and Raisins	0%

2.5 It is being proposed to continue the increased VAT on following products:

VAT on Petrol and Diesel, IMFL, country liquor, cigarettes, cold drinks, gold, diamonds and its jewellery and imitation jewellery which was increased to some extent from 1 October 2015 as

Notification VAT. 1515/C.R. 128A/Taxation-1. and VAT. 1515/C.R. 128B/Taxation-1 dated 128B/Taxation-1 dated 30 september 2015 2015 is proposed to be continued for one more year, i.e. till March 2017.

Sr. No	Type of product	Increased VAT Rate To be continued for one more year i.e. 31 March 2017
1	Gold, diamonds and its jewellery and imitation jewellery	1.2%
2	IMFL, country liquor	60%
3	Petrol and Diesel	24%+ Two rupees per litre or 21% + Two rupees per litre or 26% + Three rupee per litre, whichever is applicable
4	cigarettes	35%
5	cold drinks	25%

## 2.6 Other Proposals

- **Amnesty for tax administered by Sales Tax:** For dues upto 31 March, 2005 subject to full tax payment, the interest and penalty shall be waived and for disputed dues from 1st April, 2005 to 31st March, 2012 subject to full tax payment, and 25% interest payment under VAT Act, balance dues will be waived.
- Turnover limit for composition to retailers under the MVAT Act increased from Rs. 50 Lakhs to Rs. 1 Crore.
- For Bakery Industry, the turnover of tax free goods is excluded for computing the turnover for composition.
- Amnesty scheme under Industrial Policy 2013 for closed and un-revivable units to be implemented afresh.
- The VAT composition tax rate 8% to hotels and restaurants having turnover of sales Rs. 3 Crores and more.
- Establishment of Advance Ruling Authority for speedy disposal of disputed questions under Sales Tax Laws.
- Implementation of SAP based Computer system in Sales Tax Department. Input Tax Ledger to be made available to the tax payer.
- Pilot Project will be started by Sales Tax Department for implementation of Digital Billing system for registered dealers selling at the last stage.
- Concept of fair market value is introduced. It is proposed to give power to officers to assess a dealer on the basis of Fair Market Price if Goods are sold below market price with intention to evade tax.
- **Online VAT Registration:** An opportunity to comply with deficiency in documents required for online Registration before rejecting the same within stipulated period is being proposed. Application can not be automatically rejected.
- **Multiple Revised Returns:** Dealer can file revised returns multiple times before due date of filing VAT Audit report.
- It is proposed to deny set-off of entry tax paid on Petrol and Diesel.
- Mobile handsets purchased locally and sold in the course of inter-state trade will now be eligible for set-off only to the extent of the liability under Central Sales Tax Act on their sales.
- Set-off on passenger motor vehicles will be available to the extent of output tax on lease of such vehicles.
- It is proposed to exempt CST on resale of goods brought from outside the State into the Logistic Hub which proposed to be set up if these goods are packed or repacked inside such Logistic

Hub. A notification to this effect under the Central Sales Tax Act will be issued. Levy of CST will be exempted on the interstate sales effected from the Logistic Hubs.

- It is proposed to introduce the scheme of summary assessment for those dealers whose cases are not selected for assessment and who have filed returns within the stipulated period.
- During the course of assessment if the observation is accepted as per the Intimation and tax is paid by filing revised returns then confirmation order accepting the revised returns shall be issued to Dealer and it is proposed to close such assessment proceedings.
- **Works Contract (WCT) VAT TDS:** It is proposed to transfer the credit of WCT TDS from Principal Contractor to Sub contractor.

It is also proposed that all employers awarding the contract to obtain Registration for TDS under the Act and file TDS return containing TDS details. Penalty is also proposed for not obtaining such Registration and non-filing of return.

- **E commerce Transaction:** It is proposed to periodically obtain information from e-commerce companies regarding sale – purchase transaction made on the portal. Penalty shall be imposed upon a portal for not furnishing the information.
- **Declaration on Invoice for Ultra Mega Project:** Condition of Sales Invoice applicable to Mega Project are also made applicable to Ultra Mega Project holding identification certificate and Very Large Projects holding entitlement certificate for deferment.

### 3.0 Entry Tax

Levy of Entry Tax on Marble and Granite slabs

### 4.0 Profession Tax

- Amnesty scheme for Profession Tax un-enrolled person. Tax liability and penalty will be restricted to previous three years. This scheme will be applicable for enrollment from 1 April 2016 to 30 September 2016. This will also apply to the enrollment applications pending as on 1 April 2016.
- Profession Tax exemption to the armed personnel of CRPF and BSF.
- Exemption from late fee to the Government aided educational institution for late filing of Professional Tax returns.

### 5.0 Sugarcane Purchase Tax

Exemption from Levy of Sugarcane Purchase Tax for the year 2015-16 to the Sugar Factories fulfilling export Quota as per Government policy.

### 6.0 Motor Vehicle Tax

Motor Vehicle Tax amended on two wheelers and three wheelers owned by individual based on following engine capacity:

upto 99cc - 8%,

for 100cc to 299cc – 9%,

for 300cc and above – 10%.

Vehicles in the name of Companies, undertakings and Imported Vehicles to be subjected to double the above rate of tax.

### 7.0 Lottery Tax

Increase in Lottery Tax on the draws of Lotteries.

For further information please contact:

RSM Astute Consulting Pvt. Ltd.

13th Floor, Bakhtawar, 229, Nariman Point, Mumbai - 400 021.

T: (91-22) 6108 5555 / 6121 4444

F: (91-22) 6108 5556 / 2287 5771

E: [emails@rsmindia.in](mailto:emails@rsmindia.in)

W: [www.rsmindia.in](http://www.rsmindia.in)

Offices: Mumbai, New Delhi - NCR, Chennai, Kolkata, Bengaluru (Bangalore), Surat, Hyderabad, Ahmedabad, Pune, Gandhidham, Indore and Jaipur.



[facebook.com/RSMInIndia](https://facebook.com/RSMInIndia)



[twitter.com/RSM\\_India](https://twitter.com/RSM_India)



[linkedin.com/company/rsm-india](https://linkedin.com/company/rsm-india)

RSM Astute Consulting Pvt. Ltd. (Including its affiliates) is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

This newsflash is general in nature. In this newsflash, we have endeavored to analyse the significant aspect of proposed Maharashtra Budget 2016-17. It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said budget and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

19 March 2016

© RSM International Association, 2016