

VAT & Allied Laws Updates
by
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22 Apr 2015
at WIRC of ICAI at BKC, Mumbai

24 June 2015

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- “Mah. Tax Laws (Levy, Amendment & Validation) Act 2015”
vide
Mah. Act # 17 of 2015 dt 18 Apr 2015 available on 22 Apr 15
passing L.A. **Bill** # 16 of 2015 dt. 26 Mar 2015 available on 1 Apr 2015
- **Vat Notfn.** # VAT 1515/CR-39 (1) & (2) / Tax-1 dtd.
27 Mar 15 available on 1 April 2015 amending Vat rates
- **Effective date:** As specified / notified, prospectively /
retrospectively, by Mah. State Govt.
& **different dates** applicable for different provisions.

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Mah. Act # 17 of 2015 dt 18 Apr 2015:

Definitions

Sr. #	Section reference & effective date	Gist of amendment	Remark / Issue
1	Expln. IA added to defn of 'SP' Sec. 2(25) & 'PP' Sec 2(20) wef from 1 April 2015	<p>Definition of 'Sale Price' u/s 2(25): <i>"Sale Price shall not include the amount of service tax levied or leviable under the Finance Act, 1994 & collected separately by the purchaser"</i></p> <p>Definition of 'Purchase Price' u/s 2(20): <i>"Purchase Price shall not include the amount of service tax levied or leviable under the Finance Act, 1994 & collected separately by the seller"</i></p>	<ol style="list-style-type: none"> Thus Vat shall not be levied on service tax shown separately in Tax Invoice for works contract Amendment made following Mah. Tribunal ruling in Sujata Painters, VAT Appeal # 18 of 2013 dt 9 March 2015 which reversed DDQ dt 20 Jan 2012 Whether dealer following Composition Scheme, paying tax on "Contract Value", liable to pay tax on service tax?; (Nikhil Comforts ruling of Mah. Tribunal is pending before BHC in Sales Tax Appeal # 21 of 2013 dt 15 July 2014)

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Mah. Act # 17 of 2015 dt 18 Apr 2015 :

Revision of Returns

Sr.#	Section reference & effective date	Gist of amendment	Remark / Issue
2	Sec. 20(4) amended from 1 April 2015	<p>Frequency for revision of original return, to remove any discrepancy ;</p> <p>(a) Self Revision: Revision only Once for specific month/ Qtr./ Half year</p> <p>(b) Revision based on Vat Audit Report : Only Once, by filing Annual return</p> <p>(c) Revision based on Notice in Form 602 or 604 for IBA, etc: – Multiple revision of Annual Return, permitted now, only in case of clause (c)</p>	<ol style="list-style-type: none"> Identifying transaction & period...not reqd; Streamlining interest payability; 'Revision only once'...continue for clause (a) & (b);

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Mah. Act # 17 of 2015 dt 18 Apr 2015 : **Late Fee for Returns**

Sr.#	Section reference & effective date	Gist of amendment	Remark / Issue
3	Sec. 20(6) amended from 1 May 2015	<p>If Return delayed by 30 days then Late fee of Rs. 2000 reduced to Rs. 1000;</p> <p>For delay beyond 30 days, late fee of Rs.5000, continues;</p> <p>Whole or part of such late fee can be waived, prospectively or retrospectively, under certain circumstances, by issuing Notification by Govt.</p>	Effective for Return for Apr 15 & onwards

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Mah. Act # 17 of 2015 dt 18 Apr 2015 : **Assessment**

Sr.#	Section reference & effective date	Gist of amendment	Remark / Issue <i>(CST, UP vs Bhagwan Ind. P. Ltd. (1973) 31 STC 293 (SC))</i>
4	Sec. 23 (5) (d) proviso amended from 1 April 2015	<p>1] Transaction based assessment in case of evasion of tax (either by paying lesser tax on sales or claiming more or wrong setoff, etc) may be made, where the prescribed authority has reason to believe such evasion;</p> <p>(Old Phrase "During the course of any proceedings under this Act, if prescribed authority is satisfied" replaced by "authority has reason to believe")</p> <p>2] Time limit of 6 yrs from end of the relevant year is provided for. (Earlier, there was no time limit for completion of assessment under this sub-section.)</p>	<p>"Reason to believe" means?</p> <p><i>"Reasonable grounds necessarily postulate that they must be germane to the formation of the belief regarding escaped assessment. If the grounds are of an extraneous character, the same would not warrant initiation of proceedings under the section. If, however, the grounds are relevant and have a nexus with the formation of belief regarding escaped assessment, the assessing authority would be clothed with jurisdiction to take action under the section"</i></p>

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Mah. Act # 17 of 2015 dt 18 Apr 2015 : **Interest**

Sr.#	Section reference & effective dt	Gist of amendment	Remark / Issue
5	Sec. 30 (2) proviso inserted wef 1 April 2015	<p>Tax liability finally pointed by Vat Auditor or by Assessing Officer and which is accepted by the dealer, shall pay Interest @ 1.25% p.m. on such additional tax dues from 1st October of the year to which the annual return relates till the dt of payment:</p> <p>Exception:</p> <ol style="list-style-type: none"> 1. In case of new registration effective from 30 September onwards, interest to be calculated from effective date of registration 2. In case of cancellation of registration effective prior to 30 September, then interest to be calculated from effective date of cancellation of registration certificate. 	Effective from FY 2014-15?

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Mah. Act # 17 of 2015 dt 18 Apr 2015 :
Date of amalgamation / merger / demerger

Sr.#	Sec. ref. & effective dt	Gist of amendment	Remark / Issue
6	Sec. 44(4A) & Sec. 47 amended w.e.f. 1 Apr 15	In case of Amalgamation/ Merger/ Demerger, an option is given to the Company to decide the date of transfer of business for the purpose of tax liability which may be from the date of Order of the court/ Tribunal/ Central Govt OR the date notified by ROC for amalgamation/merger/demerger	<p>1] Prior to amendment the date of Order of the Court or Central Govt was taken as the date of transfer of business;</p> <p>2] In principle, retrospective "Appointed Date" based on commercial wisdom of parties is permitted but the same should not intentionally or unintentionally result in violation of any law. [Casby CFS Pvt. Ltd. (Co. Scheme Petition # 137 & 138 of 2014 dt 19 Mar 2015 BHC)</p>

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Mah. Act # 17 of 2015 dt 18 Apr 2015:

Sch. Entry

Sr.#	Schedule Entry & effective date	Existing Entry	Amendment / Remark / Issue
7	Explanation added to Sch. Entry C-4, retrospectively wef 1 April 2005	(a) Cotton yarn but not including cotton yarn waste; (b) Save as provided in clause (a) above, any yarn whether covered with any material or not ; sewing thread , waste of any them, excluding cotton & silk yarn in hanks as covered under entry 17 of Schedule A.	Expl. Added: 'sewing thread' shall include 'embroidery thread'
8	Explanation added to Sch. Entry C-91, retrospectively wef 1 April 2005	Spices including cumin seed, hing (asafoetida), aniseed, saffron, pepper and poppy seed.	Expl. added : 'spices' shall include 'spices in all forms, varieties and mixtures of any of the spices'

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Mah. Act # 17 of 2015 dt 18 Apr 2015: **Sch.Entry**

Sr.#	Schedule Entry & effective date	Existing Entry	Amendment / Remark / Issue
9	Explanation added to Sch. Entry C-54, retrospectively wef 1 Sept 2005	"Desi loni"	"Desi loni, white butter "

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Mah. Act # 17 of 2015 dt 18 Apr 2015 :

Entry Tax.....

Sr. #	Ref. & effective date	Gist of amendment	Remark / Issue
10	Sch. of goods liable for entry tax expanded by adding Entry # 17 wef 1 April 2015? Or 18 Apr 15?	<p>Entry tax (ET) is levied on specified/notified goods when purchased/brought in Maharashtra State from outside.</p> <p>ET @ 5% is to be levied on goods covered by clause (iv) & (v) of Sch. Entry C-55 of MVAT Act:</p> <p>C-55- (iv): Steel bars (rounds, rods, square flats, octagons & hexagons, plain & ribbed or twisted in coil form as well as straight lengths);</p> <p>C-55-(v): Steel structurals (Angles, joints, channels, Tees, sheet piling sections, Z sections or any other rolled sections)</p>	<p>1. RD Dealer who brings such goods for resale in state or sale in interstate trade / export, shall not pay ET.</p> <p>2. "Sale in interstate trade" shall not include a sale u/s 3(b) / 6(2) of CST Act [Sec. 3(5) of ET Act]</p> <p>3. If such goods are consumed /dealt in any other manner , then pay ET in succeeding month. (Sec 3(5) of ET Act)</p>

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Mah. Act # 17 of 2015 dt 18 Apr 2015 :

.....Entry Tax

Sr. #	Gist of amendment	Remark / Issue
10	<p>Article 52 of State List II of The Constitution empowers levy of Entry tax;</p> <p>'Importer' [Sec. 2(g)]: "...who imports goods, whether on his own account or on account of a principal or any other person, into local area for consumption, use or sale therein";</p> <p>'Import' [Sec. 2(f)]: "...means bringing or causing to be brought or receiving any goods into local area from a place outside the State"</p> <p>Purpose of levy of ET;</p> <p>1] <i>Jaika Automobiles Pvt. Ltd. vs State of Mah. (1994) 92 STC 248 (Bom);</i></p> <p>2] <i>Shaktikumar M Sancheti & ors Vs State of Mah & Ors (1995) 96 STC 659 (SC);</i></p> <p>3] Article 286(1): State govt cannot impose tax on sale or purchase during imports or exports. <i>In State of Travancore vs Shanmugha Vilas (1953) 4 STC 205 (SC)</i>, it was observed that object underlying the exemption is to avoid double taxation of foreign trade, which is of so great importance to the nation's economy</p>	<p>4. Basic exemption limit of turnover is Rs. 10,000/-</p> <p>5. ET paid is eligible for setoff as per setoff provisions under MVAT Rules</p> <p>6. On Interstate stock transfers to Mah. State, ET payable?</p> <p>7. On imports from outside India, ET payable?</p>

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Mah. Act # 17 of 2015 dt 18 Apr 2015 : **Prof. Tax**

Sr. #	Reference & effective date	Gist of amendment	Remark / Issue
11	Sch. I of Mah. Prof. Tax Act amended wef 1 April 2015	Women employees drawing salary upto Rs. 10,000/- per month to be exempted from payment of Profession Tax.	New rates apply from salary / wages payable for April 15

Monthly salary / wages	PT for Female	PT for Male
Upto Rs. 7,500	NIL	NIL
Rs. 7,501 to 10,000	NIL	175
Rs. 10,001 & onwards	Rs. 300 for Feb & Rs. 200 for other months	Rs. 300 for Feb & Rs. 200 for other months

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Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: **Tax free period extended**

Sched ule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
A-9A	(a) Paddy, rice, wheat and pulses in whole grain, split or broken form	NIL	NIL till 31 March 2016	Taxfree when sold from 1st May 2006 to 31 Mar 2016 (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 2016	..do..
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 2016	..do..

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**Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: Tax free period extended**

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
A-51	(i) Papad except when served for consumption	NIL	NIL till 31 March 2016	Taxfree when sold from 1st May 2006 to 31st March 2016 (Exemption extended)
A-51	(ii) Gur	NIL	NIL till 31 March 2016	..do..
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 2016	..do..

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**Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: Tax free period extended**

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
A-51	iv) Coriander seeds, Fenugreek and Parsley (Suva) whole or powdered;	NIL	NIL till 31 March 2016	Taxfree when sold from 1st May 2006 to 31st March 2016 (Exemption extended)
A-51	v) Coconut in shell and separated kernel of coconut, other than copra	NIL	..do..	..do..
A-51	vi) Solapuri chaddars;	NIL	..do..	..do..
A-51	vii) Towels;	NIL	..do..	..do..
A-51	viii) Wet dates,	NIL	..do..	..do..

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Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: Tax free / Lower rate period extended

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
A-59	Raisins & Currants	NIL	NIL till 31 March 2016	Taxfree when sold from 1 June 2010 to 31 March 2016 (Exemption extended)
C- 108(1) (b)	Tea in leaf or powder form including instant tea.	5% from 1 Apr 2010 to 31 Mar 2015	5% upto 31 Mar 2016	(a) 5% continued for 1 more year; (b) coffee beans & seeds, cocoa pod, <u>green tea leaf</u> and chicory continue @5% u/e. C-23 wef 1 April 2010

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Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: Goods made Tax free

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
A-6 (b) (New)	Graph book, Laboratory notebook, Drawing book & Work book	5% u/e C-32 wef 1 April 2010 to 31 March 15	NIL	“Exercise book” continue u/e. C-32 @ 5% from 1 April 2010 till date
A-12A (New)	‘Notified Drugs’ for treatment of Cancer	5% u/e. C-29 / C-29 A	NIL	Notification awaited

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**Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: **Rate Lowered****

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
C-17 A (New)	Cashew Shell (Note: shell of cashew, used to extract cashew oil which is also taxed @ 5%)	12.5%	5%	Raw cashew nuts u/e. C-7 @ 5% wef 1 April 2010; Dry fruits u/e. C-108A @ 5% w.e.f. 1 April 2012
C-29A (d)	'Guide wire' for medical purpose	12.5%	5%	Note: A wire that is inserted into an artery to guide a catheter to a certain location in the body; e.g. in <u>Angiography</u>

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**Notfn No. VAT 1515/CR 39(1) & (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: **Rate Lowered / Rate increased****

Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
C-107 (7A) (New)	Ladies hand bags & ladies purses	12.5%	5%	
C-111	LED bulbs	12.5%	5%	Compact fluorescent Lamps (CFL) is already @ 5% wef 1 April 2010 till date
C-108(3) deleted	Wood free plain and pre-laminated particle boards with 'ECOMARK' covered under CETH 4410 9010 & 4410 9090	5%	12.5%	Thus from 1 April 2010 to 31 March 2015 it was 5%

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Notfn No. VAT 1515/CR 39 (2)/ Taxn1 dt. 27 March 2015
effective from 1 April 2015: Notification for Paper u/e. C-70 for Vat @ 5%

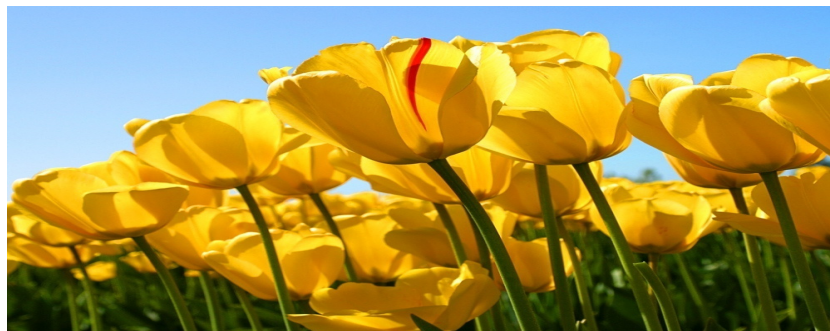
Schedule Entry	Goods Description	Rate upto 31 Mar 15	Rate wef 1 Apr 15	Remark/ condition
C-70 (Notified papers)	'Paper' as may be notified by State Govt. (Note: Papers covered by notfn to be taxed @ 5% & other types of paper taxed @ 12.5% wef 1 April 2015) (ammonia paper CETH 3703??)	5% on Papers specified in old Sch. Entry C-70	5% on Papers notified in New Sch. Entry C-70 (e.g. Newsprint, paperboard, paper stationery for computer, Kraft paper, tracing paper, carbon paper, self copy paper, cigarette paper, filter paper, ammonia paper..)	Toilet / facial tissue paper / towel Paper used for household / sanitary purpose covered by CETH 4803 & Tissue paper covered by CETH 4802 5450 taxed @ 12.5%; Refer Vat Notification minutely

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**“Bridge & Wall are made with same material,
but Bridge joins people & Wall divides people”**



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Thank you

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