



MVDCO Advisory Services

Maharashtra State Budget 2016

Maharashtra State Budget 2016 – Tax Proposal

The Finance Minister, Maharashtra State, presented State Budget 2016-17 on 18th March 2016.

In his budget speech, he has announced the main changes in Maharashtra VAT laws as under:

PROCEDURAL CHANGES:

1. “Fair Market Price” (FMP):
Concept of “fair market price” to be introduced. Power to be given to assess dealer on the basis of FMP if goods sold below FMP.
2. On line Registration:
If any discrepancy is noticed in the uploaded documents for online registration, an opportunity will be given to rectify the discrepancy.
3. Revising returns:
Returns can be revised multiple times before due date of filing vat audit report.
4. Tax deductible e source (TDS) from works contract payment:
 - i) If principal Contractor awards contract to sub contractor, he can transfer credit of tax deducted e source (by the employer) to said sub contractor.
 - ii) The employer awarding contact, shall be liable to obtain registration for TDS & file return of TDS
5. Advance Ruling :
Provision for Advance Ruling will be introduced. Current provision relating to “Determination of Disputed Questions” to be deleted.
6. Returns Acceptance Order :
Dealers filing returns within the stipulated period, will be issued “Returns Acceptance order” subject to certain conditions.

7. “Deemed Acceptance of Returns”:

Returns of a dealer (filing returns within the stipulated time) shall be deemed to have been accepted after expiry of four years, if assessment notice is not issued till then.

OTHER TAX PROPOSALS:

VAT

1. Petrol, diesel, liquors, cigarettes, cold-drinks, gold, diamond, jewellery etc:
Increase in rate from 1st October 2015 on above items to continue for one more year
2. **Increase from 5% to 5.5% :**
General rate of 5% increased to 5.5% except on Declared goods e.g. Iron & Steel
3. Changes in rates of Vat as under:

Sr. No.	Item	Current Rate	New Rate
1	Hair-oil Coconut oil sold in packaging upto 500ml	5%	12.5%
2	Rice, Wheat, pulses, turmeric, Chillies, tamarind, jaggery, coconut, coriander seeds, fenugreek, parsley, papad, wet dates, solapuri chaddars, currants & raisins, towels(except terry towels)	Exemption to continue upto 31 st March 2017	
3	Terry towels	0%	5.5%
4	Tea	5%	5.5%
5	Barbed wire, wire mesh & Chain links used by farmers	12.5%	5.5%
6	Cotton seed	5%	2%
7	Buses operated on battery or hybrid fuel used for public transport & purchased by public transport undertakings	5%	0%
8	Pyrolysis oil produced by processing plastic waste & other organic waste	12.5%	5.5%
9	LED tubes	12.5%	5.5%
10	Pencil box, all types of gum, glues & sticks, stapler pin, tape dispensers, duster, all types of files	12.5%	5.5%
11	Retrofit kit	12.5%	0%
12	Tax on sale of used vehicles by banks & financial institutions	12.5%	5.5%
13	Sterile water for injection	12.5%	5.5%
14	Mammography machines used for detection of breast cancer	12.5%	5.5%
15	Bamboo handicraft products except bamboo furniture	5%	0%
16	Warping & Sizing units to be exempted		
17	Sweet corn to be taxed @ 5.5%		

OTHER CHARGES:

Re: Composition scheme:

1. Re: Retailers:

Turnover limit for retailers increased from 50 lakhs to One crore

2. Re: Bakery:

Presently 4% rate with turnover upto 50 lakhs. Now turnover will not include tax free sale such as bread

3. Re: Hotels & Restaurants:

Currently they are eligible for composition without any turnover limit & rate is 5%. Proposed to enhance rate to 8% if turnover of food & non- alcoholic drinks in the previous year exceeded 3 crore.

Re: Set off:

1. Now no set off of entry tax paid on petrol & diesel

2. Set off on mobile handsets purchase locally & sold O.M.S. to be restricted to the extent of C.S.T.

3. Passenger Motor vehicles:

Currently no set off on this even if leased. Proposal to allow set off to the extent of output tax on lease of such vehicles

Sugarcane Purchase tax:

Exemption of sugarcane purchase tax for F.Y. 2015-16 to those sugar factories who meet export obligation as per Govt. policy

Motor Vehicle tax:

Current Rate	Proposed Rate
Two & three wheeler motor vehicles for personal used @ 8%	Now based on CC
Those held by company, undertakings etc. @ 21%	i. Upto 99 cc.....8%
	ii. 100 cc to 299 cc.....9%
	iii. 300 cc & above10%
	iv. Vehicles held by companies & undertakings or imported – double the rate

Lottery Tax:

Rate enhanced

Entry tax:

Marble & granite slabs now covered.

Profession tax:

Re: Amnesty scheme for unenrolled persons:

1. A new scheme under which a person applying for enrolment during 1st April 2016 to 30th September 2016, will not have to pay profession tax & corresponding penalty exceeding three previous years
2. Members of Central Reserve Police Force (CRPF) & Border Security Force (BSF) exempted from profession tax.
3. No late fee on aided educational institutions for delay in filing e-returns.

Amnesty Scheme for disputed Salestax / VAT:

Government will notify amnesty scheme for the dealers who have filed appeal provided appeal is withdrawn.

For period prior to 1st April 2005, if the dealer pays disputed tax in full, corresponding interest & penalty will be waived.

For period from 1st April 2005 to 31st March, 2012, if the dealer pays disputed tax amount & 25% of the disputed interest, corresponding balance interest & penalty will be waived.

Amnesty will be available from 1st April 2016 to 30th September 2016.

NOTE:

THE ABOVE INFORMATION HAS BEEN DERIVED FROM THE BUDGET SPEECH OF THE HON. FINANCE MINISTER (MAHARASHTRA STATE). PRECISE DETAILS & EFFECTIVE DATES OF THE AMENDMENTS WILL BE KNOWN ONLY AFTER THE INTRODUCTION OF FINANCIAL BILL. WE WILL KEEP YOU INFORMED.

MVDCO Advisory Services

7/2, Mahalaxmi Industrial Estate,
Dainik Shivner Marg,
Lower Parel, Mumbai – 400 013.
Branch-Pune



For any queries email at consult@mvdco.com