



VAT ALERT

Highlights – VAT – Maharashtra Budget 2015-16

The Hon. Finance Minister (Maharashtra State) presented Budget 2015-16. Following are the highlights of the amendments proposed in Maharashtra VAT & Profession Tax laws. The amendments will be effective from the dates to be notified:

I Changes in rates:

Sr. No.	Item	Current Rate	New Rate
1	Wood free plain & pre – laminated particle board with Eco-mark	5%	12 ½ %
2	Ladies purse & hand bags	12 ½ %	5%
3	Certain medicines for cancer (to be notified)	5%	NIL
4	Guide wire for medical treatment	12 ½ %	5%
5	LED bulbs	12 ½ %	5%
6	Cashew shell	12 ½ %	5%
7	For removal of ambiguity :	5%	NIL
a)	Note books, Drawing book, Laboratory note book, & Graph book		(w.e.f. 1/4/2015)
b)	White butter	12 ½ %	5% (w.r.e.f. 1/4/2010)

II Other rate related changes:

- 1 Items covered under description “paper” (5%) will be notified
- 2 Mixture of spices will be treated as spices, liable at 5%.
- 3 Tax on embroidery thread will be same as that of sewing thread.
- 4 Entry Tax: 5% entry tax on long steel; will be eligible for set off as per provision.
- 5 Exemption on rice, wheat, pulses & their flour, turmeric, chilies, tamarind, Jaggery, coconut, coriander seeds, fenugreek, parsley, papad, wet-dates, currants & raisins, solapuri chaddars & towels to continue upto 31st march 2016.

- 6 Lower rate of 5% on tea to continue upto 31st March 2016
- 7 Wherever VAT as well as service tax are levied in composite contracts, VAT will not be levied on service tax collected separately.
- 8 Rate of excise duty on country liquor would be 100% of the manufacturing cost or Rs. 120 per proof liter whichever is higher.

III Abolition of Local Body Tax (LBT):

LBT to be abolished from 1st August 2015. Loss of revenue to Municipal Corporations (except Mumbai) will be compensated by enhancing rate of VAT in entire state.

IV Other amendments:

1. To allow multiple revised returns in case of audit findings or investigation proceedings by sales tax authorities.
2. Late fee for delay in filing of return upto one month, reduced from Rs. 2000/- to Rs. 1000/-
3. To introduce time limit for completion of transaction wise assessment & provide for cancellation of order if the order is done ex-parte. Change in method of calculating interest on extra tax becoming due on revising returns - to calculate interest from 1st October of the relevant year.
4. Re: Merger or demergers:
After High Court approves merger or demerger of companies, the company is required to apply to the registrar of companies (ROC). It is proposed to specify a period of 30 days to apply for VAT registration from the date of notification by ROC

V Profession tax:

Women drawing salary upto Rs. 10,000/- per month, exempt from profession tax (Current limit is Rs. 7500/- p.m.)

General:

The sales tax dept. is strengthening e – services for seedy disposal and the State Government is gearing for forthcoming Goods & Service Tax (GST).

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