

CIRCULAR NO.VAT/01/2012

Date: 28.01.2012

STRICTLY CONFIDENTIAL
ONLY FOR CIRCULATION AMONGST CLIENTS

Sub. : Electronic payment under the Profession Tax Act, 1975 and Extension of last date for filing e-return and e-refunds application.

Dear Sirs,

We are forwarding herewith Circulars issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai respectively for your information.

Circular No.1T dated 11th January 2012 in respect of Electronic payment under the Profession Tax Act, 1975; and

Circular No.2T dated 24th January 2012 in respect of Extension of last date for filing e-return and e-refunds application.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/02/2012

Date: 14.02.2012

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Sub.: Notification under the Maharashtra Value Added Tax Act, 2002.

Dear Sirs,

We are forwarding herewith a notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai for your information.

Notification No.DC(A & R)/VAT/PWR/(INV)/2006/3/Adm-6 dated 4th February, 2012 in respect of Power delegation U/s 64 of the Maharashtra Value Added Tax Act, 2002;

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS



(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/03/2012

Date: 21.02.2012

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Sub.: Notifications under the MVAT Act & Entry Tax Act.

Dear Sirs,

We are forwarding herewith notifications issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai for your information.

Notification No.Entry Tax/1008/2/ADM-6 dated 1st January, 2012 in respect of Appointment of Authorities under the Entry Tax Act; and

Notification No.PWR/2012/4/Adm-8 dated 8th February, 2012 in respect of Power delegation U/s 64 and U/R 69; and

Notification No.PWR/2012/6/Adm-8 dated 8th February, 2012 in respect of Power delegation U/s 64 and U/R 69 of the Maharashtra Value Added Tax Act, 2002;

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/04/2012

Date: 01.03.2012

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Sub.: Circular and Notifications under the MVAT Act.

Dear Sirs,

We are forwarding herewith a Circular and Notifications issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai for your information.

Circular No.3T dated 27th February 2012 in respect of Submission of Annexures by dealers not eligible to Form 704; and

Notification No.VAT/AMD-2011/1B/ADM-6 dated 4th February, 2012 in respect of Submission of Annexures by dealers not required to file Audit Report; and

Notification No.VAT 1512/CR12/Taxation-1 dated 16th February, 2012 in respect of Amendment to Rules 52, 53 and 54 of MVAT Rules;

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/05/2012

Date : 09.03.2012

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Sub.: Circular and Notification under the MVAT Act.

Dear Sirs,

We are forwarding herewith a Circular and Notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai for your information.

Circular No.4T dated 1st March, 2012 in respect of Special measures for revival of sick/closed co-operative sugar factories in the State; and

Notification No.VAT-1512/CR18/Taxation-1 dated 29th February, 2012 in respect of Sales to Inter Oil Companies-Exemption in excess of 5 percent.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/06/2012

Date : 27.03.2012

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QUICK SUMMARY OF THE BUDGET PROPOSALS PRESENTED BY FINANCE MINISTER SHRI. AJIT PAWAR ON 26TH MARCH, 2012 IN RELATION TO STATE TAXES.

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A. CHANGES IN TAX RATES : MVAT :

1. The exemption to wheat, rice, pulses and their flours, turmeric, chillies, tamrind, gur, coconut, cumin seeds, coriander seeds, fenugreek and parsely (Suva), papad, wet dates, solapuri chadders and towels which was to expire on 31.03.2012 will be continued till 31.03.2013.
2. The exemption of fabrics except furnishing cloth mentioned in Schedule 'A' (list of tax-free goods) to continue. However, furnishing cloth will be taxed @5% on last point.
3. Concessional rate of 5% to continue on tea till 31.03.2013.
4. Aviation Turbine Fuel (ATF) sold from Maharashtra except from Mumbai and Pune which was hither to taxed @4% will be now taxed at the rate of 5% w.e.f.01.04.2012.
5. Processing of textiles will be exempt from tax.
6. Exemption from VAT on Biris removed. Biris will be taxed @12.5%. Unmanufactured tobacco sold under brand name will also be taxed @20%.
7. Exemption from VAT on LPG for domestic use is removed. It is proposed to be taxed @5%.
8. The rate of tax on plaster of paris is proposed to be enhanced to 12.5% from 5%.
9. Rate of tax reduced on cotton yarn from 5% to 2%.
10. The rate of tax on dry fruits is made uniform. W.e.f. 01.04.2012 all dry fruits will be taxed @5%. Thus, exemption available to Raisins and currants upto 31.03.2012 will stand withdrawn w.e.f. 01.04.2012.

11. Entry Tax is proposed on Natural Gas @12.5% with full set-off in case of resale and in other cases subject to retention @3%.
12. Tax rate on writing boards and pads, examination pads, black, white or green boards, drawing boards, drawing charcoal, erasers, foot rulers, staplers, glitter pen, sketch pen, envelopes, etc. is proposed to be reduced to 5% from 12.5%.
13. The rate of tax on machinery and equipments used in poultry industry is proposed to be reduced to 5% from 12.5%.
14. Exemption from tax is proposed on oil and oilcake manufactured and sold by Tel Ghani certified by KVIC provided the turnover does not exceed ₹ .20 Lakhs.
15. 'Purak Poshak Ahar' supplied to Anganwadis under the Integrated Child Development Scheme is made exempt from tax.
16. Rate of tax on semi-processed and ready to cook vegetarian food is proposed to be reduced to 5% from 12.5%.
17. Rate of tax on adult diapers, sanitary napkins, raincoat, safety helmets, ribbons, bow and kaja, articles made from bamboo and rock salt proposed to be reduced to 5% from 12.5%.
18. Levy of Purchase Tax is proposed on unregistered dealer (URD) purchases of cotton and oil seeds @5% which will be eligible for set-off as per applicable rules.

B. PROCEDURAL PROPOSALS :

1. Amendments are proposed in respect of DDQ, period for preservation of books of accounts raised from 3 years to 8 years , defining motor spirit, petroleum products, co-developers and amending definition of developer.
2. Tax liability of un-enrolled period under the Profession Tax Act will be restricted to 8 years and provisions for revised returns and late fee for delay in filing return ₹ .5,000/- for VAT/CST return and ₹ .1,000/- for Professional Tax returns to be introduced and mandatory penalty is removed.
3. Amnesty Scheme to be announced for outstanding electricity duty.
4. Rate of TDS on works contract executed by unregistered dealer is enhanced to 5% instead of 4%.
5. Provision of tax collection at source to be introduced at the time of auction of sand and other notified goods.

6. Provision for e-payments, e>Returns and technical amendments with retrospective effect are proposed in Entry Tax on goods Act and tax on entry of Motor Vehicle Act.
7. Simplification of stamp duty on conveyance deeds of immoveable properties is proposed.
8. Not more than 3 adjournments will be granted if in appeal stay is granted. If more than 3 adjournments are sought then minimum part payment will be 15% of disputed amount or ₹ . 15 Crores whichever is less.

C. **SET-OFF RULES** :

1. The rate of retention in case of Branch Transfer outside the State will be 4% instead of 2% effective from 01.04.2012.

D. **CHANGE IN TAX RATES UNDER MOTOR VEHICLE TAX** :

1. Rate of motor vehicle tax on motor cars with CNG kits fitted by manufacture will be reduced by 2%.
2. Motor vehicle tax will be exempted on battery operated vehicles.
3. Motor vehicle tax to be increased by 2% on petrol cars and by 4% on diesel cars.

IMPORTANT NOTE :

All these proposals will be operational only after necessary notifications are issued except in cases where fixed date is stated. Please get in touch for necessary clarification.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

**SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS**

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CIRCULAR NO.VAT/07/2012

Date : 29.03.2012

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SILENT FEATURES OF FINANCE BILL, 2012

Union Finance Minister Shri. Pranab Mukherjee has presented the budget i.e. Finance Bill, 2012 on 16th March, 2012 proposing various amendments in the Income Tax Act, 1961. Some of the important amendments in Income Tax Act are explained as under. All these amendments will be effective from Ass. Year 2013-14 i.e. Financial Year ending on 31st March, 2013 unless it is specifically provided in the amendment herein after.

Rate of Income Tax for Individual and HUF :

The basic limit of exemption is increased from ₹.1,80,000/- to ₹.2,00,000/- and the slab for 20% tax rate has been enlarged between income from ₹.5,00,000/- to ₹.10,00,000/-. The 30% rate will be applicable above ₹.10,00,000/-. The separate enhanced basic exemption limit otherwise for woman assessee below 60 years is clubbed with male assessee and now there will not be any separate category for woman assessee. The amendment will be applicable from The slab rate in brief will be as under :-

Basic exemption limit ₹.2,00,000/-

10% from ₹.2,00,001/- to ₹.5,00,000/-

20% from ₹.5,00,001/- to ₹.10,00,000/-

30% above ₹.10,00,000/-.

Basic exemption limit for senior citizen having the age of more than 60 years and very senior citizen above the age of 80 years is proposed to kept same at ₹.2,50,000/- and ₹.5,00,000/- respectively.

There is no change in rate for partnership firm and company which will remain at 30%.

Surcharge @5% for domestic companies and 2% for foreign companies will remain same if total income is above ₹.1 Crore.

The Education Cess and Higher Education Cess @2% and 1%, total 3% will remain same on Income Tax including surcharge, if any.

Section 80C & 10 (10D) : Premium amount limit on Life Insurance is reduced :

Deduction in respect of premium paid on life insurance is available alongwith other investment, etc. However, earlier if the premium paid is more than 20% of sum assured then such premium was not eligible for deduction.

Now for limit of insurance premium on policy issued on or after 1st April, 2012 has been reduced to 10%. The exemption for insurance policies issued on or after 1st April, 2012 would be available only if premium payable during the term of policy does not exceed 10% of the actual sum assured.

Section 80D : Deduction for preventive health check-up :

Alongwith deduction for premium paid for medical/health insurance for self, family and/or parents it is proposed that deduction of ₹.5,000/- p.a. available for preventive health check-up for assessee, family and parents. This amount can be paid even in cash. However, total deduction in this respect will be subject to maximum of ₹.15,000/- p.a. and ₹.20,000/- in case of Senior Citizen.

Section 80G : Donation paid in cash :

It is proposed that the deduction for donation will not be available if amount exceeding ₹.10,000/- is paid in cash. This condition will also be applicable for donation paid for scientific research and rural development.

Section 80TTA : Deduction for Interest on Saving Bank A/c :

It is proposed that interest on Saving Bank A/c including with co-op society and Post Office subject to maximum income of ₹.10,000/- shall be deducted from Gross Total Income.

Section 44AB : Increase in Turnover limit for tax audit :

It is proposed to increase tax audit turnover limit from ₹.60 Lakhs to ₹.1 Crore and in case of professionals (Doctor, Chartered Accountant, Lawyer) from ₹.15 Lakhs to ₹.25 Lakhs. If turnover is less than ₹.1 Crore and profit is shown less than 8% of turnover then assessee is required to get their books of accounts audited U/s 44AB.

Section 44AD : Section 44AD is applicable if GTO receipt/total turnover is less then ₹.1 Crore and as per explanation given section 44AD is not applicable to

- (i) a person carrying on profession,
- (ii) a person earning income as commission or brokerage,
- (iii) a person carrying on any agency business.

Section 201 : Relief for disallowance of expenses for non-deduction of TDS :

Normally when any tax is deductible and not deducted then such expenses is not allowed as admissible expenditure while computing total income. However, from Ass. Year 2013-14 it is proposed that in case such tax is not deducted and the receiver of the amount or deductee has furnished his return of income and has taken into account such receipts and paid the tax due on the income and if such person furnishes a certificate to this effect from Chartered Accountant then such expenses in the hand of payer/deductor will be admissible as expenses.

Specified domestic transaction and Arms Length price :

Under the Income Tax Act if any transaction of sales, purchase, services are entered by an individual with relatives or in case of company, firm etc. with any director, partner or relative of such director or partner, etc. or with any individual, company or firm in which such director, partner or their relatives has substantial interest as per Section 40A(2)(b) then the Assessing Officer having regard to the fair market value of such goods or services can disallow such expenditure which is excessive or unreasonable.

Similarly U/s 80A, 80IA, 10AA, etc. there is provision for disallowance of unreasonable or excessive price in related party transaction.

So far as international transaction is concerned a special mechanism is provided U/s 92 to 92F, for determination of Arms Length Prices (ALP).

By the Finance Bill, 2012 the Finance Minister has proposed to modify various sections so as to incorporate **Specified Domestic Transaction** and determination whether price paid for such transaction is at ALP as per various provision of international transaction.

Considering the various provisions of Section 40A(2)(b) and the definition of associated enterprise of section 92A many transactions will be covered under the specified domestic transaction if the assessee has some interest or some connection or even has major volume of the transaction with that parties. Considering this strict provisions of specified domestic transaction determination of ALP, requirement of maintenance of record, transfer pricing report and audit report, it will be very difficult for the business concern even if they do not have any international transaction.

The only relief is given for the specified domestic transaction is, if aggregate turnover with such related parties transaction do not exceeds ₹.5 Crores then such small business concerns will not be covered under this ALP mechanism. However, there will be fair market price/reasonable price mechanism as per existing provision U/s 40A(2)(b) etc.

Section 56(viib) : Share premium in excess of fair market value treated as income :

Where a private company receives from any resident person any consideration for issue of shares which exceeds the face value of such shares, the aggregate consideration received for such shares which exceeds the fair market value of the shares shall be considered as deemed income of such company and chargeable under the head "Income from Other Sources".

Section 68 : Cash Credit, onus of proof on assessee :

Where a private company credited the sum consist of share application money, share capital, share premium or any such amount by whatever name called is deemed to be income of company if any explanation offered by such private company is not found satisfactory by Assessing Officer unless the resident person in whose name such credit is recorded also offers explanation about the nature and source of such sums credited.

Section 54GB : New Section inserted for exemption from capital gain on transfer of residential property :

The capital gain arising from transfer of long term capital assets being a residential property (house or plot of land) owned by individual or HUF and the assessee reinvest the net consideration before the due date of furnishing of return of income U/s 139(1) in the subscription in the equity shares in a newly incorporated small and medium enterprises (SME) company in manufacturing sector in which assessee has more than 50% of share capital or voting rights and the company utilizes this amount for the purchase of new assets (Plant & Machinery) within one year then capital gain arising on such transfer of capital assets shall not be charged U/s 45.

Section 115EC : Certain addition to total income, income tax chargeable @30% :

It is proposed that income tax rates on addition made by Assessing Officer by way of unexplained cash-credit, unexplained investment, expenditure, etc. will be charged @30% without allowing any deduction from such addition.

Chapter XIIB : Extension of AMT to all assessee :

Alternate Minimum Tax (AMT) will be applicable from Ass. Year 2013-14 to all assessee which was earlier applicable to only company and LLPs. AMT is applicable to assessee other than company if such assessee has claimed deduction U/s 80IA, 80IB, 80IAB, 80IC or claimed exemption U/s 10AA.

AMT is payable @18.5% on book profit as per P&L A/c after adjustments. However, AMT is not applicable to Individual, HUF, AOP, BOI whether incorporated or not whose total adjusted income for the year does not exceed ₹.20 Lakhs.

Section 139(1) : Compulsory filing of Income Tax Return by some assessee :

Any person who has owned any assets (including financial interest) in any entity located outside India or if such person is a signing authority in any Bank A/c located outside India. He is required to file income tax return compulsorily irrespective of his income.

Section 193 : Enhancement of limit for TDS :

It is proposed that w.e.f.01.07.2012 TDS should be deducted on payment of interest on debenture only if such amount of interest exceeds ₹.5,000/- p.a.

Section 194J : TDS to be deducted on remuneration to Director :

It is proposed that TDS should be deducted 10% on payment of any remuneration/fees/commission to Director which is not in the nature of salary.

Section 194LAA : TDS on payment made for purchase of immovable property other than agriculture land :

It is proposed that w.e.f. 1st October, 2012 TDS should be deducted by the payee (transferee) at the time of credit of such sum to the account of resident transferor at the time of payment made to resident transferor by way of consideration for purchase of immovable property @1% of consideration paid. No such deduction of TDS is required if the amount of consideration paid is less than ₹.50 Lakhs in case such property is situated in Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Bangalore, Faridabad, Gautam Buddha Nagar, Gaziabad, Gandhinagar or Sicerabad, Hyderabad and ₹.20 Lakhs if immovable property is situated in other areas.

Section 80CCF : No deduction of investment in Infrastructure Bond :

It is proposed that no deduction in respect of investment in Infrastructure Bond will be allowed which was allowed upto ₹.20,000/- for Ass. Year 2012-13.

Section 206C TCS : To be collected on certain items :

It is proposed that w.e.f. 1st July 2012 every seller of coal, lignite, and irons ore should be collected TCS @1% of sales price and deposit the same in credit of Central Government.

TCS also needs to be collected @1% on sale of Bullion and Jewellery at the time of receipt of such amount in cash where sale consideration is more than ₹.2 Lakhs.

Section 207 : No advance tax payment by Senior Citizen :

It is proposed that advance income tax is not required to be deposited with Central Govt. by Senior Citizen provided assessee does not have any business income during the previous year.

Section 234 : Fee for default in furnishing TDS statement (return) :

It is proposed that for failure to submit TDS return in prescribed time, a fee of ₹.200/- per day will be levied for the period of such delay.

Section 271N : Penalty for failure to furnish TDS/TCS statement, etc. :

It is proposed that if assessee fails to furnish TDS return within prescribed time or furnishes incorrect return, then assessee will be liable to a penalty of ₹.10,000/- to ₹.1,00,000/-. No penalty will be chargeable, if the return is furnished within 1 year from due date and the payment of tax is made and proof of payment is presented.

INDIRECT TAX PROPOSALS:

A. **Service Tax** :- (All these changes will come into effect from a date to be notified except where the date is specifically stated).

1. **Definition of Service [Section 65B (44)]**:- Service means any activity carried out by a person for another for consideration and includes a declared service but will not include

- a. An activity which constitutes merely (i) a transfer of title in goods or immovable property, by way of sale, gift or in any other manner or (ii) a transaction in money or actionable claim.
- b. Services provided by an employee to the employer in the course of or in relation to his employment.
- c. Fees taken in any court or Tribunal established under any law for the time being in force.

2. **Changes in Rate [Effective from 1st April 2012]**:-

1. The rate of Service Tax is increased from 10% to 12%. The Education Cess and Higher Education Cess will continue to apply at the prescribed rates.
2. The Composition rate has also been changed as follows.
 - (a) For life insurance, 3% of the first year premium and @1.5% for subsequent years premium.
 - (b) Money changing raising the existing rate proportionately by 20%.
 - (c) Distributor or selling agent of lotteries raising the specified amount proportionately and suitably rounded off to 7000 and 11000.
 - (d) For Works Contracts from @4% to @4.8%.
 - (e) The rate of Cenvat reversal for exempt services has been revised from @5% to @6%.

3. **Negative list of Services (from a date to be notified)**:-

1. Services provided by Government or Local Authority excluding services,
 - (a) By Department of Post in relation to speed post, express parcel post, life insurance and agency services provided to persons other than Government.

- (b) Services in relation to an Aircraft or a vessel inside or outside the precincts of a port or airport
 - (c) Transport of goods or passengers.
 - (d) Support services other than covered above.
2. Services by the Reserve Bank of India.
 3. Services by a Foreign Diplomatic Mission located in India.
 4. Services in respect of agriculture relating to specific activities and processes in relation to agriculture and renting or leasing of agro machinery or vacant land with or without a structure incidental to its use.
 5. Trading of goods including future contracts or commodity futures.
 6. Process amounting to manufacture or production of goods on which duty of excise is leviable.
 7. Selling of space or time slots for advertisements other than advertisements broadcasted by radio or television.
 8. Access to a road or bridge on payment of toll charges.
 9. Betting, gambling or lottery.
 10. Entry to entertainment events and access to amusement facilities.
 11. Transmission or distribution of electricity by an Electricity Transmission or Distribution Utility.
 12. Service relating to education:-
 - Pre-school education and education upto higher secondary school or equivalent;
 - Education as a part of a curriculum for obtaining a qualification recognized by law;
 - Education as a part of an approved vocational education course.
 13. Services by way of renting of residential dwelling for use as residence.
 14. Extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount
 - Includes – FDs, Saving Deposits, Mortgages or loans with collateral security, loan or over draft facility, Corporate deposits, invoice discounting
 - Sale or purchase of foreign currency amongst banks or authorized dealer of foreign exchange or amongst banks and such dealers.

15. Service relating to transportation of passengers with or without accompanied belongings, by

- Stage carriage;
- Railways in a class other than (i) first class; or (ii) an AC coach;
- Metro, monorail or tramway;
- Inland waterways;
- Public transport, other than predominantly for tourism purpose vessel of less than fifteen ton net;
- Metered cabs, radio taxis or auto rickshaws

16. Service relating to transportation of goods

By road except the services of
(A) A goods transportation agency; or
(B) A courier agency

By an aircraft or a vessel from a place outside India to the customs station of landing in India; or

By inland waterways;

17. Funeral, burial, crematorium or mortuary services including transportation of the deceased.

In future all other services will be taxed subject to specified exceptions.

4. **Amendment to Service Tax Credit Rules, 2004 (applicable w.e.f.1st April 2012):-**

- a. Cenvat Credit will now be allowed for tax paid on supply of vehicles on rent, insurance and repairs.
- b. Credit of tax paid on insurance and authorized station service will be allowed to insurance companies in respect of motor vehicles insured and reinsured by them and manufacturers of motor vehicles in respect of motor vehicles manufactured by them.
- c. Credit of tax paid will be allowed on input or capital goods at the time of their delivery to the service provider.
- d. Cenvat Credit can be availed 100% of tax paid on capital goods in the year of purchase (i.e. delivery) to the service provider.
- e. The input service distributor can distribute the Cenvat Credit equal to Service Tax attributable to services used wholly in a unit shall be distributed only to that unit. The Service Tax attributable to service used in more than one unit can be distributed on pro-rata basis.

- f. In case of payment of Service Tax by service receiver, credit can be availed on the tax payment challan on reverse charge basis.

5. **Amendment to Service Tax Rules, 2004 (applicable w.e.f.1st April 2012):-**

- a. Time limit to issue invoice is increased to 45 days for bank and financial institutions and for others to 30 days from existing 14 days from the date of completion of service.
- b. Adjustment of excess Service Tax is permissible without any limit as against the existing limit of ₹.1,00,000/-.
- c. Point of taxation on export of services is allowed to be shifted based on the period extended by the RBI. In case of individuals and partnership firms whose turnover of taxable service is ₹.50 Lakhs or less during previous year and their turnover of taxable services during current year was upto ₹.50 Lakhs.
- d. Common return in Form EST-1 is prescribed for Excise and Service Tax.

6. **Amendment in Point of Taxation Rules, 2011 (applicable w.e.f.1st April 2012):-**

- a. As per new rule 2A the date on which the payment is entered in the books of accounts or is credited to the bank account, whichever is first, shall be the date of payment. However, in case of change in effective rate of tax or a new levy between the two dates and where the amount is credited through cheque, DD etc. after 4 working days from the date of change then the date of payment shall be the date of credit in the bank account.
- b. In case of continuous supply of services the date of stage wise completion will be date of completion of provision of service.
- c. In respect of small advances upto ₹.1,000/-, in excess of the amount indicated in the invoice point of taxation will be the date of invoice or completion of service at the option of the assessee.
- d. Where a service is taxed for the first time, no tax is chargeable on services where payment has been received before the service becomes taxable and invoice is issued within a period of 14 days of the date, when the service is taxed for the first time.
- e. In respect of person required to pay tax as recipient of service, then if payment is not made within 6 months of the date of invoice the point of taxation will be date of invoice or date of completion of service whichever is earlier. In case of associated enterprises, where the person providing the service is located outside India, the point of taxation shall be the date of debit in the books of accounts of the person receiving the service or date of making a payment whichever is earlier.
- f. Where the point of taxation cannot be determined, the Central Excise Officer may determine the point of taxation to the best of its judgment after giving an opportunity of being heard.

7. **Other Important Provisions:-**

- a. **Small Scale Exemption:** The exemption of taxable services for the service provider aggregate value not exceeding ₹.10 Lakhs in a financial year will be determined on the basis of invoices raised and not on the basis of receipt of amount.
- b. **Penalty:** Penalty may be waived for those tax payers who pay the Service Tax due on the renting of immovable property service in full along with interest within 6 months.
- c. **Period for issue of show-cause notice:** The period for issue of demand in normal situation is being raised from 12 months to 18 months.
- d. **Deemed Service of Show-cause Notice:** when a follow-up demand is given for a period subsequent to the previous notice(s) on same grounds, service of such statement shall be deemed to be service of notice.
- e. **Settlement Commission:** Provisions relating to settlement commission are also introduced in the Service Tax.
- f. **Period of Filing Appeal:** The period for filing appeal under the Service Tax will be 2 months from the date of receipt of the order as against 3 months.
- g. **Special Audit by CA or Cost Accountant:** The Commissioner may direct an assessee to get his account audited by a Chartered Accountant or Cost Accountant nominated by him if he has apprehension of non-payment/short payment of Service Tax for various reasons by the assessee.
- h. **No Service Tax on repairs etc. of roads between 16.06.2005 to 26.07.2009 :** No Service Tax will be charged on management, maintenance or repairs of roads during the period on and from the 16th day of June 2005 to 26th day of June 2009 (both days inclusive). For getting refund an application for refund of tax shall be made within a period of 6 months from the date on which finance Bill, 2012 receive the ascent of the President.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS

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CIRCULAR NO.VAT/08/2012

Date: 06.04.2012

STRICTLY CONFIDENTIAL
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Sub.: Notifications.

Dear Sirs,

We are forwarding herewith notifications issued by the Finance Department, Maharashtra State, Mumbai for your information.

Notification No.VAT-1512/CR 43/Taxation-1 dated 31st March 2012 in respect of Amendment to Rule 53(3)-Increase in rate of reduction on Branch Transfer by 2 percent; and

Notification No.VAT-1512/CR 40/Taxation-1 dated 31st March 2012 in respect of Amendment to Schedules A, C and D as per Budget Speech 2012-13.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

**SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS**

205, Ghatate Chambers,
Panchsheel Square, NAGPUR- 440 012.
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CIRCULAR NO.VAT/09/2012

Date: 24.04.2012

**STRICTLY CONFIDENTIAL
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Sub.: Circulars and Notifications under the MVAT Act.

Dear Sirs,

We are forwarding herewith Circulars issued by the Commissioner of Profession Tax and Commissioner of Sales Tax, Maharashtra State, Mumbai and LA Bill issued by Deputy Chief Minister and Notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai, respectively for your information.

Circular No.5T dated 31st March, 2012 in respect of Procedure for online submission of application for obtaining registration and enrolment; and

Circular No.6T dated 21st April 2012 in respect of Carry forward of refund upto Rs.1 Lakh for the Financial Year 2011-12 to 2012-13; and

LA Bill No.XVII of 2012 dated 13th April 2012 in respect of LA Bill-As presented before the Legislative Assembly; and

Notification No.JC(HQ)1/VAT/2005/97 dated 4th April 2012 in respect of TDS for Unregistered Dealers-Increase in Rate of Tax from 4 percent to 5 percent.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

CIRCULAR NO.VAT/10/2012

Date : 01.05.2012

STRICTLY CONFIDENTIAL
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Sub.: Circular and Notifications under the MVAT Act.

Dear Sirs,

We are forwarding herewith a Circular issued by the Commissioner of Sales Tax Maharashtra State, Mumbai and Notifications issued by the Finance Department, Maharashtra State, Mumbai, respectively for your information.

Circular No.7T dated 24th April, 2012 in respect of Clarification with regards to submission of annexures by the dealer who are not required to file Audit Report in Form 704; and

Notification No.VAT 1512/CR 40/Taxation-1 dated 20th April 2012 in respect of Corrigendum to Notification No.VAT 15/CR 40/Taxation-1 dated 31.03.2012; and

Notification No.VAT 1512/CR 48/Taxation-1 dated 20th April 2012 in respect of Notification for ECS of refund and mandate form to be submitted by Dealer; and

Notification No.VAT 1512/CR 49/Taxation-1 dated 20th April 2012 in respect of Notification under Schedule entry C-75A-Poultry equipments; and

Notification No.VAT 1512/CR 55/Taxation-1 dated 25th April 2012 in respect of Notification regarding entry C-12 Bidy and D-12;

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/11/2012

Date : 13.06.2012

STRICTLY CONFIDENTIAL
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Sub.: Various Notifications under the MVAT Act.

Dear Sirs,

We are forwarding herewith Notifications issued by the Finance Department, Maharashtra State, Mumbai, for your information.

Maharashtra Act No.VIII of 2012 dated 3rd May 2012 in respect of Maharashtra Tax Laws (Levy, Amendment and Validation Act, 2012); and

Notification No.VAT 1511/CR 142(1)/Taxation-1 dated 16th May 2012 in respect of Schedule D, Entry 5 and 10; and

Notification No.VAT 1512/CR 62/Taxation-1 dated 30th May 2012 in respect of A Notification for Extension of date for Entry 59 of Schedule A; and

Notification No.VAT 1512/CR 61/Taxation-1 dated 1st June 2012 in respect of Various Amendment to Maharashtra Value Added Tax Rules, 2005;
(The impact of these amendments are being explained to you in various circulars to be followed.)

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/12/2012

Date : 14.06.2012

STRICTLY CONFIDENTIAL
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Re.: Advancement of VAT Audit Report Submission date.

Dear Sirs,

This is to inform you that by an amendment made in Rule 66 of Maharashtra Value Added Tax Rules, w.e.f.01.06.2012, the date of submission of VAT Audit Report, for the year 2011-12 electronically, on the website of Sales Tax Department, has been advanced to 30th November, 2012. Earlier this date was 31st January 2013.

You are therefore, requested to kindly note that VAT Audit Report U/s 61 of Maharashtra Value Added Tax Act, 2002, is required to be submitted by 30th November, 2012 electronically. Non-submission of Report in time attracts 0.10% of Turnover. Please also note that if any return or revised return is required to be file in compliance of the said Audit Report the last date for the same would be 31st December, 2012.

Please note that during this year the Diwali Festival is on 13th November, 2012. Thus, entire November would be by and large holiday. Similarly, our Senior staff would be on examination leave for C.A. Exam, from 1st October 2012. You are therefore, requested to please see that the VAT Audit is completed in all respect (atleast computation of liability and other procedure part except the wanting declarations) before 30th September, 2012 and avoid last minute rush.

Please take a serious note of this.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/13/2012

Date: 16.06.2012

**STRICTLY CONFIDENTIAL
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Sub.: Impact of recent amendments to the Maharashtra Value Added Tax Rules on the dealers holding Certificate of Entitlement.

Dear Sirs,

With reference to above, please refer to our Circular No.VAT/11/2012 dated 13.06.2012 mailed to you recently, along with the circular, Notification No.VAT-1512/CR-61/Taxation-1 dated 1st June 2012 relating to amendments in the VAT Rules. There will be major impact of these amendments on the dealers holding Certificate of Entitlement which are explained below:-

1.(a) **PSI Units opting for deferment not entitled to refund of retention.**

The amendment in Rule 79(2) is effective from 01.04.2012.

Before amendment, Rule 79(2) allowed a dealer holding Certificate of Entitlement, either under exemption or deferment option in 1979, 1983, 1988 or 1993 Package scheme of Incentives or Power Generation Promotion Policy 1998, to claim refund of tax equal to the rate at which Central Sales Tax was payable u/s 8(1) of the CST Act on the net purchase price of (i) Goods used as fuel, (ii) taxable goods used in manufacture of tax free goods, (iii) taxable goods used in the manufacture of goods which are sent on consignment transfer. Now this refund will be available only to dealers holding Certificate of Entitlement under exemption mode. **Thus, w.e.f. 01.04.2012 refund under this rule will not be admissible to dealers opting for deferment mode.**

1.(b) **PSI units under exemption to get refund equal to retention instead of CST Rate of Purchase Price.**

W.e.f. 01.04.2012 the dealers opting for exemption will be allowed refund equal to the amount of retention under rule 53 in case of fuel, manufacture of tax free goods or goods used to manufacture finished goods sent on branch transfer/consignment transfer. Thus, nexus to rate of tax U/s 8(1) of the CST Act is removed, now actual retention will be allowed as refund.

2. **Deferment to be allowed of net Purchase Tax.**

Rule 81(1) of the MVAT Rules is amended. This amendment is effective from 01.05.2012. After this amendment, a PSI dealer opting for deferment will be entitled to defer Purchase Tax on raw material after reduction of admissible set off in respect of such purchases. Thus, only net Purchase tax will be eligible for deferment, in addition to sales tax on eligible product. This amendment is brought since now under the Act on certain products Purchase Tax is also payable.

Please take note of the same and take necessary action at your end. In case you need any clarification please get in touch with the undersigned at the earliest.

Thanking you,

Yours faithfully,

For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


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CIRCULAR NO.VAT/14/2012

Date: 16.06.2012

STRICTLY CONFIDENTIAL
ONLY FOR CIRCULATION AMONGST CLIENTS

Sub.: Recent amendments to the Maharashtra Value Added Tax Rules, impacting set-off on purchases.

Dear Sirs,

With reference to above, please refer to our Circular No.VAT/11/2012 dated 13.06.2012 mailed to you recently, along with the circular, Notification No.VAT 1512/CR 61/Taxation-1 dated 1st June 2012 relating to amendments in the VAT Rules. All these amendments will be effective from 01.05.2012. There will be major impact of these amendments on the dealers claiming set-off on purchases which are explained below:-

1. **Purchase Tax is also made eligible for grant of set-off :**

Rule 52 has been amended so as to allow the setoff of purchase tax paid by the dealer. *Thus now purchase tax paid by the dealer will also be eligible for setoff in addition to sales tax and entry tax on Motor Vehicles and on other specified goods. This amendment is made as now under the Act on certain purchases Purchase Tax is also attracted.*

2. **Retention for set-off of tax paid on purchases of Natural Gas :**

Rule 53(1)(A) has been inserted to extend the retention of @3% of purchase price of purchases of natural gas from the amount of Purchase Tax paid for grant of set-off unless such natural gas is resold in the State, in the course of interstate trade (out of Maharashtra) or export out of India or sent out of Maharashtra on stock transfer/ branch transfer basis.

Thus, now irrespective of fact as to whether natural gas is used in process of manufacture as raw material or fuel, set-off of tax paid on purchases will be allowed only after retention to the extent of 3% of purchase price. For this rule resale will include conversion of natural gas from one form to another form. In case of such conversion retention will not apply.

3. **Retention for tax free goods not to apply on Sarki pend & DOC :**

Explanation to Rule 53 sub rule 2 has been substituted to exclude ‘sarki pend and deoiled cakes from tax free goods’ for retention purpose.

Thus the taxable goods used in manufacture of sarki pend and deoiled cakes will not be liable for retention. (Earlier there was a retention @ 2% on purchase price of taxable goods used in manufacture of those goods).

4. **Technical amendment to provide set-off on Purchase Tax:-**

Rule 55(1) has been amended to provide that set off will also be available on the tax paid by a dealer on purchases. Earlier set off was available to a dealer only on the tax recovered on his purchases. This amendment is made to grant set off of newly introduced Purchase tax on oil seeds etc.

5. **Tax Collected at Source can be adjusted from Tax Liability**

You are already aware that on auction of sand ghats the Government will be collecting tax at source. Rule 55(3)(a) is amended to provide for adjustment of the total value of the collection certificate (Certificate of TCS) received in that period against the tax payable on sale.

Please take note of the same and take necessary action at your end. In case you need any clarification please get in touch with the undersigned at the earliest.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS



(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/15/2012

Date : 16.06.2012

STRICTLY CONFIDENTIAL
ONLY FOR CIRCULATION AMONGST CLIENTS

Sub.: Recent amendments to the Maharashtra Value Added Tax Rules.

Dear Sirs,

With reference to above, please refer to our Circular No.VAT/11/2012 dated 13.06.2012 mailed to you recently, along with the circular, Notification No.VAT 1512/CR 61/Taxation-1 dated 1st June 2012 relating to amendments in the VAT Rules was also forwarded. There will be major impact of these amendments on the dealers, which are explained below:-

1. These rules will be effective *from 1st May 2012.*

2. **Definition of ‘assessing authority’ and ‘commissioner’ widened :**

Definition of ‘assessing authority’ has been widened. As a result authority competent to perform audit or perform all or any of power under the MVAT Act or the power delegated by the commissioner will also be treated as assessing authority.

Definition of ‘Commissioner’ has been amended so as to include Special Commissioner also in addition to Additional Commissioner, Joint Commissioner or any officer to whom powers of Commissioner are delegated.

3. **Compulsory Introduction for dealers applying for Voluntary Registration, by registered dealers only :**

Rule 8(11) has been amended. Now a dealer applying for voluntary registration can introduced only by a registered dealer holding registration under MVAT Act for atleast three years prior to the year in which application for voluntary registration is made by the dealer to whom he is introducing. Earlier the introduction could have been given by a Sales tax Practitioner or by Chartered/Cost Accountant.

4. **Technical amendment to change website of department :**

Rule 17(1) of MVAT Rules has been amended so as to replace the earlier website of Maharashtra Sales Tax department by new website i.e. “mahavat.gov.in” for the purpose of downloading the forms for returns filing, etc.

5. **Dealer not covered under Audit to submit Annexure C and D alongwith other annexures :**

Rule 17(4)(d) stands amended. A dealer not covered by Audit u/s 61, will have to submit annexures C/D also in addition to annexure G, H and I.

6. **Filing of returns in case of newly registered dealers :**

(a) **Who fails to apply in time :**

Rule 18(1) has been substituted. Now a dealer failing to apply for registration in time will have to file his first return for the period from the date of liability to registration till the end of the quarter in which the date of such liability falls. Thereafter he will have to file quarterly returns upto the end of quarter just before the quarter in which date of registration occurs. The last return for the URD period will be for period from the 1st day of the quarter till the day before the date of registration.

The first return for the registered period will be for the period from the date of registration to the end of the quarter in which date of registration occurs. He will have to file quarterly returns till the end of the first financial year of registration.

(b) **For who applies for registration in time :**

A newly registered dealer who applies in time for registration will have to file his first return from the date of crossing the limit of turnover for registration till the end of the quarter in which the effective date of registration falls. He has to file quarterly returns for the first financial year of registration.

7. **Dealer not covered under MVAT Audit liable to upload annexure on or before 30th June of next year :**

Due date for filing of various annexure by dealer not liable for VAT Audit has been replaced by “ninety days from end of year” to “30th June of the succeeding year.” Effectively the last date of filing of Annexure by the dealer not liable for VAT Audit will be 30th June of succeeding year instead of 29th June earlier.

8. **New Rule introduced to prescribe procedural compliance of TCS proposed Budget :**

Rule 40A has been introduced to prescribe compliance procedure of the Tax Collection at Source (TCS) proposed in the State Budget. (The notification for implementing the same is yet to come.)

The tax collected will have to be deposited electronically by using Form MTR-6.

- a) The tax collected is to be deposited within 21 days from the end of the month in which the tax is collected.
- b) The person collecting tax to issue Certificate in Form 421 immediately.
- c) A separate account showing details of amount collected, certificate issued & particulars of payment is to be maintained.
- d) A return of TCS is to be filed manually in Form 423 in the office of concerned Joint Commissioner within 3 months from the end of the year to which the return relates.

9. **Summary rejection of application for DDQ :**

As per amended rule 64 (a) An application for determination of disputed question can be summarily rejected if it involves a question, whether a person/dealer is liable to pay tax on any sale/purchase or setoff can be claimed on any particular purchase and conditions for the same if a person is not liable to pay sales tax/ purchase tax.

10. **Last date of Submission of MVAT Audit Report to be 30th November :**

Rule 66 is amended. Now Audit Report in Form e 704 is required to be uploaded within 8 months instead of 10 months earlier. Thus the Audit report in Form 704 for 2011-12 is required to be filed upto 30th November 2012 and not by 31st January 2013.

11. **Dealer to preserve books and records upto 8 years now :**

Rule 68 prescribes the period upto which a registered dealer has to preserve his books of accounts. A registered dealer will have to now preserve books of accounts for 8 years or till the conclusion of appeal etc. whichever is later. Earlier this period was of 6 years.

Please take note of the same and necessary action at your end. In case you need any clarification, please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS

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CIRCULAR NO.VAT/16/2012

Date : 23.06.2012

STRICTLY CONFIDENTIAL
ONLY FOR CIRCULATION AMONGST CLIENTS

Sub.: Circular and Notification under the MVAT Act.

Dear Sirs,

We are forwarding herewith a Circular issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai and Notification issued by the Finance Department, Maharashtra State, Mumbai, for your information.

Circular No.8T dated 31st June, 2012 in respect of Judgment of the Hon'ble Bombay High Court in case of M/s. Mahalaxmi Cotton Ginning Pressing & Oil Industries Ltd., Kolhapur; and

Notification No.VAT-1512/CR-46/Taxation-1 dated 31st May, 2012 in respect of Recindment of Notification No.VAT-1507/CR-44/Taxation dated 6th December, 2007.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS

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CIRCULAR NO.VAT/17/2012

Date : 05.07.2012

STRICTLY CONFIDENTIAL
ONLY FOR CIRCULATION AMONGST CLIENTS

Sub.: Circulars and Notifications under the MVAT Act.

Dear Sirs,

We are forwarding herewith Circulars issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai and Notifications issued by the Commissioner of Sales Tax and Finance Department, Maharashtra State, Mumbai, for your information.

Circular No.9T dated 30th June, 2012 in respect of Amendment to the schedule entries under the MVAT Act; and

Circular No.10T dated 2nd July, 2012 in respect of Administrative relief in respect of import export licences covered under schedule entry C-39 of the MVAT Act; and

Notification No.JC(HQ)1/VAT/2005/97 dated 22nd May, 2012 in respect of Corrigendum to Notification No.JC(HQ)1/2005/97 dated 4th April, 2012; and

Notification No.PFT.1012/CR-29/Taxation-3 dated 14th June, 2012 in respect of Electronic payment of Profession Tax, Interest, Penalty or any amount as per the law from 1st July, 2012.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/18/2012

Date : 16.07.2012

STRICTLY CONFIDENTIAL
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Sub.: After effects of Bombay High Court decision in case of
M/s. Mahalaxmi Cotton Ginning, Pressing & Oil Industries.

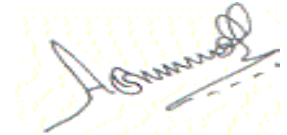
1. Recently the Bombay High Court gave a decision in the case of M/s. Mahalaxmi Cotton Ginning, Pressing and Oil Industries (W.P.No.33 of 2012). In this petition the provisions of Section 48(5) of the MVAT Act i.e. disallowance of set-off due to non-payment of taxes by the selling dealer/due to mismatch of purchases made by the dealer claiming set-off with the sales of the vendor were challenged, department explained the procedure adopted by for finding out as to whether tax has been received in Government Treasury or not.
 - 1.1 The Bombay High Court gave its verdict in favour of the department and upheld the constitutional validity of Section 48(5) of the MVAT Act and held that the set-off (tax) must actually and physically be deposited into the treasury. The court also did not follow the Punjab and Haryana High Court decision in the case of M/s. Gherulal Balchand which stated that the term “actually paid” means “ought to have been paid”.
2. After pronouncement of the judgment by the Bombay High Court the Commissioner of Sales Tax issued a Trade Circular No.8T of 2012 dtd.21.06.2012 explaining the position of the department regarding allowing/disallowing the input tax credit (set-off) as follows.
 - (i) No set-off will be allowed unless the selling dealer has paid the corresponding tax in the Government Treasury.
 - (ii) In case of mismatch in the sale and purchases of electronic matching of Annexure J-1 and J-2 of Audit Report in Form 704 the set-off will be disallowed to the extent of unmatched amount of tax.
 - (iii) The set-off claim will be disallowed if the purchases are effected from Hawala dealer even though the selling Hawala dealer might have paid the taxes partially or fully.
3. In case of non-filer/short filer the department will take all possible actions against the defaulting dealers as permitted by law. In case the selling dealer has not filed E-704 (Audit Report) he will be asked to file Audit Report along with annexure J-1 and J-2 (Tinwise sales and purchases) which will be uploaded on the system by the dealer with the approval of the department. Where the selling dealer has filed all the returns and paid all the taxes as per the returns the set-off against such dealer will be allowed on the basis of results of Mahavikas (a system developed by the department for the purpose) subject to cross check or sample check.

- C. Preserve the proof of delivery of material purchased like L.R., R.R., details and evidences of freight paid, octroi paid, unloading charges and delivery memos etc.
- D. At the yearend please obtain a certified true copy of your account in the ledger of all vendors (on whose purchase set-off has been claimed).
- E. If possible at the end of the year obtain Xerox copies of all returns filed by the vendor along with copies of acknowledgment for the same.
- F. In case of mismatch make a reconciliation and the reasons for each discrepancy to be found out. In case of mistake on your part pay the difference of tax immediately with interest.
- G. In case the mismatch is due to the fault of the seller, inform him immediately and ask him to make the fault good.
- H. Keep viewing the website of the Sales Tax Department on daily/weekly basis and go the list of Hawala dealers/non filers of return/non-filers of E-704 to find whether you have made any purchases from such dealers. Please contact the seller immediately and ask them to comply with the deficiency. If same is not complied, please pay the amount of set-off taken on purchases from him with interest (if applicable).
- I. In case of the disallowed set-off due to mismatch/non-filing of returns go on making the applications under Right to Information Act to seek information as to what action has been taken by the department against such errant dealers and whether any recovery has been made from the dealers on whose purchases set-off was denied.
- J. Find out regularly whether any amount of tax has been recovered by the department from such dealer afterwards, if yes, whether proportionate credit has been allowed to you.
- K. In case the department has issued any notice to you informing about their intentions to disallow set-off by observing that certain purchases on which set-off has been claimed is from hawala dealer/or from non-filer or on account of mismatch try to contact the vendor, know his correct position, (if hawala dealer pay tax immediately). Necessary evidences like proof of receipt of goods, payment of freight and value of goods etc. may be kept on the record of Assessing Officer along with reply in which you need to ask the Authority, in writing, to present the vendor for cross-examination by you. Please keep complete details of such purchases on which set-off is denied. If the matter is contested in appeal, it will be of help.

The above is our understanding of the judgment, Trade Circular and its impact. However, the course of action to be taken will depend upon facts and circumstances of each case. Whenever, you confront with such a situation please seek the advise/clarification from the undersigned and act accordingly.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

**SHAH BAHETI CHANDAK & CO.
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CIRCULAR NO.VAT/19/2012

Date : 20.07.2012

**STRICTLY CONFIDENTIAL
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Sub.: Circular and Notification under the MVAT Act.

Dear Sirs,

We are forwarding herewith Circular issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai and Notification issued by the Finance Department, Maharashtra State, Mumbai, for your information.

Circular No.11T dated 17th July, 2012 in respect of Refund through Electronic Clearing Service (ECS);

Notification No.VAT-1512/CR-65, Taxation-1. dated 4th July, 2012 in respect of Maharashtra Act No.VIII of 2012-Date of effect on which Section 7(1), Section 23 and Section 26(2) of Amd. Act shall come into force

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

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CIRCULAR NO.VAT/20/2012

Date : 03.08.2012

**STRICTLY CONFIDENTIAL
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Sub.: Circular and Notification under the MVAT Act.

Dear Sirs,

We are forwarding herewith Circular issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai and Notification issued by the Finance Department, Maharashtra State, Mumbai, for your information.

Circular No.12T dated 1st August, 2012 in respect of Automatic cancellation of unilateral Assessment Order; and

Notification No.VAT-1512/CR-84, Taxation-1 dated 30th July, 2012 in respect of Amendments to MVAT Rules 2005 (4th AMD) – Deduction of Land and Deemed Exporter.

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER

SHAH BAHETI CHANDAK & CO.
CHARTERED ACCOUNTANTS

205, Ghatate Chambers,
Panchsheel Square, NAGPUR- 440 012.
Phone : 0712 – 2422719, 2453009, 2452856
Fax : 0712- 2445589
email: sbcngp@gmail.com

CIRCULAR NO.VAT/21/2012

Date : 23.08.2012

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Sub.: Circulars under the MVAT Act.

Dear Sirs,

We are forwarding herewith Circulars issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai, for your information.

Circular No.13T dated 6th August, 2012 in respect of Amendment to the certain laws administered by the Sales Tax Department; and

Circular No.14T dated 6th August, 2012 in respect of Grant of Registration and Administrative Relief to Developers; and

Circular No.15T dated 13th August, 2012 in respect of Extension of due date for filing return for the return period ending June 2012

Please take note of the same. In case of any clarification please get in touch with the undersigned.

Thanking you,

Yours faithfully,
For SHAH BAHETI CHANDAK & CO.,
CHARTERED ACCOUNTANTS


(ASHOK CHANDAK)
PARTNER