

# MVAT Budget Amendments 2016-17

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ACCHE DIN  
AA GAYE  
HAIN!

# Acche Din for Dealer in textile dealers -- Yarns Activity

- Section 8 Exemption for Sizing and Wrapping of yarns

Aur Acche Din aana Baki hai :-

Office gazette

# Acche din for Dealer -- Returns revision

## Section 20

- Sub-Section (4)(a) –
- prescribed for furnishing the audit report under section 61 for the year
- Returns may be revised 'N' no. of times

# Aache Din – Commissioner of Sales Tax



# Acche din for Commissioner of Sales Tax Assessment

## Section 23

- (New) Sub-Section (2A) –
- Where all the returns for the period commencing on or after the 1st April 2012 are filed by a registered dealer for any year within the period for filing revised return under clause (a) of sub-section (4) of section 20 and if the taxes as per these returns has also been paid within the said period and if the Commissioner is satisfied that the returns furnished by such dealer are correct and complete, he may assess the amount of tax due from such dealer on the basis of such returns :
- Provided that, if no such order of assessment is made within four years from the end of the year to which such returns relate, then such returns shall be deemed to have been accepted.”;

# Assessment Section 23

Section	Assessment – reasons
23(1)	Failure to file return
23(2)	To ensure that return are correct and compete – after filing returns
23(3)	Not filled returns
23(4)	Failure to apply registrations
23(5)	Issue base audit
23(6)	Commissioner Review
23(7)	Directions of High Court

# Section 23 ( 2A) - Assessment

Commencing date	On the Basis of Assessment	Period of Limitation
1 <sup>st</sup> April 2012	<ul style="list-style-type: none"><li>- Filing of Returns/ Revised Returns</li><li>- Payment of Taxes in time</li><li>- Returns Correct and Complete as per Comm of Sales Tax</li></ul>	4 Years from the end of the year to which returns relate

BST Section :-

In Assessment, Production of Books of accounts ??



# Acche din

## – Intimation

### Section 23

- (New) Sub-Section (5A) –
- After initiation of proceedings under sub-section (2), (3), (4) or, as the case may be, under sub-section (5), the Commissioner may, after considering all the documents or evidence produced by the dealer or, as the case may be, available with the Department, send his observations about the tax liability, by an intimation in the prescribed form, to the dealer before passing an assessment order under the respective sub-section. Such intimation shall be communicated in the prescribed manner to the dealer not later than from the end of the year to which such returns relate, then such returns shall be deemed to have been accepted.”; six months before the date of expiry of the period of limitation for assessment under the respective sub-section under which the assessment order could be passed. If the dealer agrees with all the observations in the intimation and files the return or, as the case may be, a revised return under clause (c) of subsection (4) of section 20 and also makes the full payment of tax as per such returns and also applicable interest, then a confirmation order shall be passed in the prescribed manner under this sub-section and the assessment proceedings shall be deemed to have been closed

# Acche din

## - Intimation

### Section 23

- (New)Sub-Section (5A) – Intimation before Assessment

Applicable sections	Informing dealer	Time limit	Actions from dealer	Effect
23(2),(3),(4) and (5)	Sending Intimation about liability before passing order	Before 6 months form the period of limitation	- Revises Returns - Pay Interest - Pay Tax	Assessment deemed to be closed

- Applicable to Assessment open u/s 23(2),(3),(4) and (5)

# Acche din for Commissioner of Sales Tax Registration process

## Section 16

- Sub-Section (3) –
- Provided that, on finding that,—
  - (i) the application is **not complete**, or
  - (ii) the **documents** prescribed for grant of registration certificate have **not been uploaded** on the department's web site *i.e.* [www.mahavat.gov.in](http://www.mahavat.gov.in),  
or
  - (iii) such documents are not consistent with the information contained in the application or are **not legible**, or
  - (iv) the prescribed **conditions are not fulfilled**,  
the prescribed authority **may pass the rejection order** without giving an opportunity of being heard and shall intimate the applicant accordingly in the prescribed manner :

Provided further that, if the applicant complies with all the discrepancies intimated in the rejection order **within thirty days** from the date of intimation of rejection order and if such compliance is approved by the prescribed authority, then the application rejected earlier under the first proviso shall stand restored. However, the applicant shall be eligible to comply with the discrepancies under this **proviso only once**.”;

# Acche Din for Commissioner of Sales Tax - Cancellation of RC

## Section 16

- Sub-section (6) -
- Provided further that, where the Commissioner is satisfied that any person,—

(a) who has voluntarily got himself registered has not commenced business within six months from the date of registration,

or

*(b) has obtained registration by fraud or by misrepresentation of facts,* the Commissioner may, after giving the person a reasonable opportunity of being heard, cancel the registration certificate with effect from such date as he may fix in accordance with the rules.”

# Fair and Lovely



# Fair and lovely - Commissioner of Sales Tax Deemed to be w.e.f. 01/04/2011

## (New) Section (28A) –

- 28A. During the course of any proceedings under the Act, if the Commissioner is of the opinion that any transaction entered into by any dealer for sales price,
- which is below the prescribed fair market price for commodity for
- a prescribed class of dealers, so as to be liable,
- to pay tax less than the tax, which would have been otherwise become payable on such sales or purchases, then the Commissioner shall determine the tax liability as per the fair market price of such transaction while passing an order in the said proceedings

# TDS – Clarification -- sub-section 31

## Sub-Section (4) –

- Any amount or any sum deducted on or after the 1st April 2016 in accordance with the provisions of this section and paid to the State Government may be,—
- (i) claimed as a payment of tax by the person making the said supply to the employer,

**Or (ii) transferred as a credit to the sub-contractor in the prescribed manner, if sub-contract has been awarded, in respect of the concerned contract.**

The principal contractor shall be eligible to claim credit of such amount or sum, in the period in which the certificate for payment is furnished to him by the person deducting tax. The sub-contractor may claim the credit of such amount in the period in which the principal contractor has transferred the credit of such amount to him or in any subsequent period.

## As per Old Provision

Employer



Principle  
Contractor



Sub- Contractor / Agent

Value of Contract :- 10000

TDS of PC @ 2%:- 200

Employers Deducted TDS @ 2%

Value of Contract :- 10000

TDS :- 0



# TDS -- sub-section 31

## (new)Sub-Section (8)(URD) –

- Every employer liable to deduct tax at source shall in the prescribed manner apply to the Commissioner for allotment of a sales tax deduction account number. The number shall be mentioned in documents, statements and returns to be filed by him :
- Provided that, if an employer is registered under the Act, then he shall not be required to apply under this sub-section.

## • Sub-section (9) –

Where tax is deductible at source by any employer, the person making the said supply shall not be called upon to pay tax himself to the extent to which the tax has been deducted **and not transferred to the sub-contractor. Similarly, the sub-contractor shall not be called upon to pay tax himself to the extent to which the tax has been transferred to him**

# TDS – Return Filing --section 31

## (new)Sub-Section (10) – (return Filing) (Ref in Rule)

- The employer, who has deducted and paid any amount in any period under the provisions of this section, shall in the prescribed form and manner by such date as may be prescribed, file return for the said period.

## (new)Sub-Section (11) – (revised return)

- The employer who has furnished a return under this section, discovers any omission or incorrect statement therein, may furnish a revised return in respect of the period covered by the said return on or before the expiry of a period of 9 months from the end of the year to which the return relates.

# TDS – Penalty --section 31

## (new)Sub-Section (12) – (failure to obtain TDS no.)

- Where the employer has failed to apply for the sales tax deduction account number, as required under sub-section (8), then the Commissioner may, after giving the employer a reasonable opportunity of being heard, impose upon him, by way of penalty, **a sum upto the amount of tax deductible** by the employer, for the period during which he had failed to obtain the sales tax deduction account number.

## (new)Sub-Section (13) – (failure to file returns)

- Where the employer has failed to file the return as provided under subsection (10) within the prescribed time, the Commissioner shall impose on him a sum upto rupees **five thousand** by way of penalty

# Composition Scheme

Notification dated 30<sup>th</sup> March -2016 w.e.f 1<sup>st</sup> April 2016

- Restaurants, eating house, refreshment room, boarding establishment, factory canteen Clubs, Hotels and Caterers

## Rates:-

Old Provision	New Provision ( P.Y. turnover)
5% for RD	5% for RD < 3 Cr.
10% for URD	8% for RD > 3 Cr.
	10% for URD

## Conditions:-

Old Condition for Application	New Condition for Application
“JCST (Registration) in case of the dealers in Mumbai and in other cases, to the JCST (VAT Administration) concerned	“JCST (VAT Administration) concerned or, the JCST of the concerned <b>Nodal Division</b> as the case may be

# Composition Scheme

Notification dated 30<sup>th</sup> March -2016 w.e.f 1<sup>st</sup> April 2016

- **Bakers**
  - To encourage Bakers ,
  - Tax Free items to be excluded from Total Turnover, Which was including earlier to determine Total Turnover
- Items like bread in loaf, rolls, or in slices, toasted or otherwise

# Composition Scheme

Notification dated 30<sup>th</sup> March -2016 w.e.f 1<sup>st</sup> April 2016

- Retailers
  - Turnover Limit increased from 50 Lacs to 1 Cr.,
  - Condition to apply registration in FORM-4 – is deleted
  - Application in FORM 4A online
  - Opting out of Composition scheme FORM 4B

# Composition Scheme

Notification dated 30<sup>th</sup> March -2016 w.e.f 1<sup>st</sup> April 2016

- Restaurants, eating house, Etc
- Bakers
- Dealer in Second Hand Vehicles
- **Conditions for Joining and Leaving the Scheme:-**

Particulars	New Condition
Leaving the Scheme	Set-off Available of Stock as on the date of Leaving, on which no Setoff was claimed
Joining the Scheme	Setoff to be disallowed on Stock as on the date of Joining – This should be Paid in First Return

- **Application till 15 may 2016**

# Rule – 52 B

Rule	Intent
Rule 52	Claim and Grant of set-off in respect of purchases
Rule 52A	Set-off in respect of goods manufactured by mega unit
Rule 53	Reduction in Set-off
Rule 54	Non Admissibility of set-off



# Rule-52 B- Set-off in respect of certain goods covered under schedule D of the act.

w.e.f 1<sup>st</sup> Jan 2016 Notification w.e.f  
1<sup>st</sup> April 2016

Notification -1515/T-1 dated 30<sup>th</sup> Dec 2015

Notwithstanding anything contained in Rule 52,53 and 54-

(1) If the claimed dealer has purchased

(i) goods covered under entries 13 and 14 of schedule 'D' appended to the act,

Then he shall be entitled to claim set-off in respect of the said goods on the to the extent of aggregate of:-

Or

(ii) mobile phone or cellular handset i.e. telephone for cellular network or other wireless network

a) The taxes paid of payable under CST on inter-state resale of the corresponding good

And

b) The taxes paid on the purchases of the said goods, if sold locally under the act.

# Rule-52 B- Set-off in respect of certain goods covered under schedule D of the act.

w.e.f 1<sup>st</sup> Jan 2016

- (2) The set-off as determined under the sub-rule (1) above in the respect of the said good shall be claimed only in *the month in which corresponding sales* of such goods is effected by the claimant dealer:

Provided that, *nothing* in this rule shall apply to the purchases of such goods which are sold in the course of *export of goods* out of the territory of India

# Rule – 53 –

Leasing of passenger Vehicles sub-section 11 w.e.f. 1<sup>st</sup> April 16

Rule - 11

(a) If the claimant dealer is engaged in the business of transferring the right to use (whether or not for a specified period) for any purpose, of passenger motor vehicles, then he shall be entitled to claim set-off of tax paid on the purchase of such motor vehicles only to the extent of tax payable on such transfer of right to use

(b) the set off as determined under clause (a) in respect of the such vehicles shall be claimed in the period in which such right to use has been transferred by the claimant dealer

# Rule – 54 –

w.e.f. 1<sup>st</sup> April 2016

Rule	Original	Changes
Rule 54 (a)	Disallowance of Motor Vehicles as well as Passenger Motor Vehicle	Allowance of leased passenger Vehicle
Rule 54 (b)	Disallowance VAT of HSD, Aviation Turbine Fuel	VAT as well as Entry Tax

# Example:-

- Leasing of Vehicles :-
- Total Purchases 'Input VAT Rs. 1000' in 'Year 1'

Year 1	Output Vat(rs.)	Input Vat (rs.)
1	600	600
2	1000	400
3	1000	-

# Example:-

- Mobile Phone resale:-
- Total Purchases “Input VAT Rs. 1000” in “Year -1”

Year 1 (a)	Output CST (b)	Output Vat (c)	Input VAT of CST (d)	Input Vat of purchases in (C)
1	200	0	200	0
2	0	500	0	250

# Advance Ruling – w.e.f 01<sup>st</sup> May 2016

- DDQ scraped – Section 56
- Advance Ruling – Section 55

55(1) *Application* to commissioner (old Tribunal)

55(2) Prescribed *Form* and Manner

55(3) *Advance Ruling Authority* – not below JC

55(4) DDQ's pending may be refereed to ARA

55(5) Ruling *in 90 Days* (old – 4months) from the date of acceptance

55(6) *Withdrawal* of application in 31 days

# Advance Ruling – w.e.f 01<sup>st</sup> May 2016

55(7)(a) Non Acceptance of Application:-

(i) – issue pending in Tribunal, HC, SC

(ii) – if issue is for avoidance of tax

(b) commission or ARA may call report from concerned officer

(c) Communication in 30 days for acceptance shall be made

(d) reasons of rejection and opportunity



# Advance Ruling – w.e.f 01<sup>st</sup> May 2016

55(8)

- (a) Advance Ruling by Commissioner:- Binding on all the officers, including Appellate authority and ARA
- (b) Advance Ruling by ARA:- Binding on all the officers, including Appellate authority other than commissioner

55(9) Commissioner or ARA may direct :- No retrospective liability because of ruling

55(10/11) Appeal:- Tribunal in 30 days from date of communication

# Advance Ruling – w.e.f 01<sup>st</sup> May 2016

55(12) Subjected as per Direction if any, issued by commissioner or DDQ as existed

55(13) Retification of mistake apparent from record, - 60days

(a) by ARA or Commissioner

(b) Applicant in 30 days from the date of receipt of order

In 60 days

55(15) regulations can be made by the commissioner

# Advance Ruling – w.e.f 01<sup>st</sup> May 2016

55(14) - review

- (a) – Commissioner may review order, if Advance ruling of ARA is *erroneous in so far as it is prejudicial*
- (b) – Commissioner may review own order, if
  - he thinks it just and proper
  - Advance ruling can be made contrary to DDQ
- for (b) prior approval of State government is necessary
- (c) No Review may be retrospective and may be directed in respect of other person similarly situated – if the circumstances so warrant
- (d) - Time limit of 6 months from the end of the year for (a)  
- Time limit of 3 months from the end of the month in which government gives permission

# Power to collect information – New 70(3)

- Any person, who fails to furnish information as provided in this section within the prescribed period, shall be liable to pay by way of penalty a sum not exceeding rupees one lakh and in case of continuing default, for a period beyond two months, a further penalty of rupees one thousand for every day of such continuance
  
- Intent:- Ecommerce Companies

# EC declaration:- Section 88/89

- Declaration is applicable to Mega Unit holding valid Eligibility certificate
- Now, Same declaration applicable to
  - “Ultra Mega Unit” availing EC exemption
- Declaration for Immediate purchaser and Penalty of tax amount – Same as before

# Bank Guarantee from Private Banks

## Notification dated – 12<sup>th</sup> Feb 16

- 1) Axis Bank
- 2) City Union Bank
- 3) DCB
- 4) Federal bank
- 5) HDFC
- 6) ICICI
- 7) Indusind
- 8) ING
- 9) Jammu and Kashmir Bank
- 10) Karnataka Bank
- 11) Yes Bank
- 12) Etc (total 17)

# Drugs got cheaper FOR -Kidney Patience on Dialysis

- Inclusion of following drugs on Schedule A – notification dated 02<sup>nd</sup> Jan 2016
- Entry no 12B –
  - 1) Dialysis Machine
  - 2) Dialysis tubings
  - 3) Peritoneal dialysis connection set
  - 4) Fistula Belt
  - 5) Etc (total – 13)

# CHANGES IN tax rates of COMMODITY

- ▶ **For following commodities as tabulated, rate of sales tax continues @ 2% , 3% or 5% w.e.f. 01/04/2016.**
- ▶ **For rest of the goods covered by schedule c, where rate was 5% has been changed to 5.5% with effect from 01/04/2016.**



Rate of sales tax continues @ 2% , 3% or 5% w.e.f. 01/04/2016.

▶ Sch. Entry	▶ Description	▶ Rate
▶ C-4(a)	▶ Cotton yarn but not including Cotton yarn waste	▶ 2%
▶ C-8	▶ Aviation Turbine fuel sold to a Turboprop Aircraft	▶ 5%
▶ C-22	▶ Coal including coke in all its forms but excluding charcoal.	▶ 5%
▶ C-25(a)	▶ Cotton , that is to say, all kinds of cotton (indigenous or imported) in its unmanufactured state, whether ginned or unginned, baled , pressed or otherwise excluding cotton waste	▶ 2%

Sch. Entry	Description	Rate
C-25(c)	Cotton seed (Gossypium Spp)	2%
C-27	Crude Oil, that is to say..... Refer detailed entry	5%
C-45	Hides & skins, Whether in raw or dressed state.	5%
C-55	Iron & Steel, that is to say... Refer detailed entry.	5%
C-57	Jute, that is to say..... Refer detailed entry	5%
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		5%

Sch. Entry	Description	Rate
C-58 (a)	Kerosene Oil sold through Public Distribution System	3%
C-58 (b)	Liquefied Petroleum Gas for domestic use	3%
C-68	Oil Seeds, that is to say..... Refer detailed entry	5%
C-101 (a)	Fabrics & sugar as defined from time to time in Section 14 of CST Act. <b>Kindly note that some Furnishing Fabrics are covered by this entry</b>	5%

## *Change in rates.. Attention ....*

C-25(b)	Cotton Waste	5.5%
<b>C-29</b>	<b>Drugs, Medicines, etc.</b>	<b>5.5%</b>
C-55B	Tool, alloy and special steels of categories specified in clause (x) to (xv) of entry 55	5.5%
C-81 (b)	Other articles of personal wear... including <b>Terry Towels</b>	5.5%
C-101(b)	Varieties of Textile & Textile Articles <b>(some Furnishing Fabrics are covered by this entry )</b>	5.5%

## Other Changes in Commodity Taxation WEF 01/04/2016

Rate

A- 9A	Paddy,Rice,Wheat,Pulses -Exemption to continue upto 31/03/2017	0%
A-12A	sub entry (2) > Mammography machines used for diagnosis of breast cancer	0%
A-13A	Hybrid electric buses/Battery operated buses, sold to public transport undertaking	0%
A- 27B	Handicrafts made of bamboo excluding bamboo furniture	0%

## Other Changes in Commodity Taxation WEF 01/04/2016

		Rate
A-51 (vii)	Towels covered by 63049260 [* Terry Towels excluded as per Budget Speech]	0%
A-59A	Retrofit kits-used to modify vehicles of handicapped persons	0%
C-10	Bamboo & Bamboo products, Excluding covered by A-27B	5.5%
C-29A	Sterile water for injection	5.5%

Other Changes in Commodity Taxation  
WEF 01/04/2016

Rate

C-30(b)	Vegetable Oil including gingili Oil , Castor oil & Bran Oil [Explanation added to exclude coconut oil in packing upto 500 ml > Tax @ 12.5%]	5.5%
C-3A	Barbed Wire, wiremesh & chain link.	5.5%
C-79A	Pyrolysis Oil made from plastic scrap & organic waste.	5.5%
C-82B	Repossessed Vehicles sold by Banks & financial institutions (Conditional)	5.5%

Other Changes in Commodity Taxation WEF 01/04/2016		Rate
C-104 (c)	amended to include following items > "pencil Box, gum, gum sticks, stapler pins,tape dispensers, dusters, files"	5.5%
C-107 (11)(g)	Shelled Sweet Corn> processed, unprocessed, semi processed etc..... Except when served for consumption	5.5%
C-111	LED Tube Lights included along with LED Bulbs	5.5%
Entry Tax	Sch. Entry 15(2) Slabs of Marble and Granite	12.5%



# Thank you

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