

# Key Indirect tax Amendments and Budget Proposals of Maharashtra Budget, 2015



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2/22 Nityanand Nagar, Sahar Road, Andheri (East), Mumbai-400 069.

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## 1. Local Body Tax

Local Body tax is proposed to be abolished from 1<sup>st</sup> August, 2015 and the loss of revenue due to the abolishment shall be compensated by enhancing the rate of Value Added Tax.



## 2. Entry Tax

Entry Tax at 5% is proposed to be levied on import of Long Steel.

## 3. Maharashtra Value Added Tax

### 3.1 Changes in rates:

#### 3.1.1 **Exemption has been granted to the following products:**

- Specified medicines for treatment of Cancer
- Work Books
- Drawing Books
- Laboratory Books
- Graph Books

The current exemption on essential commodities will continue for one more year i.e. for Financial Year 2015-2016.

### 3.1.2 Reduction in the Tax Rates

Tax rates are proposed to be reduced from 12.5% to 5% in respect of the following products:

- Guide wires-used for medical treatment
- LED Bulbs
- Cashew Shells
- Ladies Handbags and Purses.



### 3.1.3 Increase in the Tax Rates

The current rate of 5% is proposed to be increased to 12.5% in respect of wood free plain and pre- laminated particle board.

## 3.2 Procedural Amendments:

3.2.1 Presently, the tax payers are allowed to file revised returns only once in case of audit or investigation proceedings. Now, multiple revised returns are proposed to be allowed in case of audit findings or investigations proceedings.

3.2.2 Late fees in respect of belated VAT returns is proposed to be reduced from Rs. 2,000/- to Rs. 1,000/- if the delay is upto one month.

3.2.3 The preparatory work for the implementation of Goods and Service tax (GST) which is expected to be launched from 1st April, 2016 is under progress. It shall simplify the tax compliances for the tax payers and shall make the commodities produced in India globally competitive.



3.2.4 Instead of the current system of carrying out assessment proceedings in case of non/short discharge of tax liability on any transaction, now, it is proposed to carry out such proceedings only if there is a reason to believe that the tax payer is not correctly discharging tax liability or is attempting to evade tax on any transaction.

**3.3 Clarifications:**

3.3.1 Earlier, in respect of composite transaction involving goods as well as services, there was confusion whether VAT is leviable on the Service tax element applicable on the service component of the transaction. Now, it is clarified that no VAT will be levied on such Service tax component.

3.3.2 To avoid confusion on which items will be covered within the term 'Paper' under schedule C-70(a) of the Maharashtra VAT Act, 2002, henceforth, the items will be specified through a separate Notification.

3.3.3 "The ready mixture of spices" has been clarified to be included under the Schedule entry of spices attracting 5% rate of Maharashtra VAT.

3.3.4 The embroidery thread will be treated at par with sewing thread at MVAT rate of 5%.

3.3.5 White butter will be treated at par with '*Desiloni*' and accordingly, would attract Maharashtra VAT @ 5%.



#### **4. Profession Tax**

Hitherto, exemption was granted from levy of Profession Tax to women drawing salary upto Rs.7,500/- per month. Now, such exemption limit is proposed to be increased to Rs.10,000/- per month.

#### **5. State Excise Duty**

The rate of State Excise on the country liquor is proposed to be increase to 200% of the manufacturing cost or Rs.120 per proof litre, whichever is higher.



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