

Office of the  
Commissioner of State Tax,  
8th floor, Vikrikar Bhavan,  
Mazgaon, Mumbai - 400010.

## TRADE CIRCULAR.

No. VAT/AMD-2025/1A/2/Adm-8/B- 13

Mumbai Dt: 27th January 2025.

Trade Cir. 7-T of 2025

**Sub: Amendments to the Maharashtra Value Added Tax Act, 2002-reg.**

**Ref: Mah. Act No. X of 2025 Dt. 1st January 2025**

### 1. INTRODUCTION:

Government of Maharashtra has enacted the Maharashtra Value Added Tax (Amendment and Validation) Act, 2024, further amending the Maharashtra Value Added Tax Act, 2002 ("MVAT Act"). The Act (Maharashtra Act No. X of 2025) is published in the Maharashtra Government Gazette dated 1st January 2025. Amendments are made with retrospective effect from 1st April 2005 and are aimed at providing clarity, validating certain provisions, and streamlining tax administration. The details of the amendments and necessary clarifications in this regards are hereby provided in this circular.

### 2. AMENDMENTS TO THE MVAT ACT, 2002:

The salient features of the amendments are explained below: -

#### 2.1 Definition of "Retail Outlet" (Clause 22A) with explanation:

Notification No. VAT.1506/CR-135-B/Taxation-1, dated 30th November 2006 has provided tax exemption from payment of whole of tax to the class or classes of sales at retail outlet of motor spirits, other than aviation turbine fuel and aviation gasoline. However, the definition of "Retail Outlet" and "Retail sale" was neither incorporated in the notification nor in the MVAT Act. To remove this ambiguity, definition of 'retail outlet' alongwith the explanation of 'retail sale' is now incorporated by way of amendment in Section 2 of MVAT Act. Newly added definition alongwith explanation in Section 2 is as follows,

*Section 2 (22A) "retail outlet" means filling station in which one or more dispensing pumps have been provided for retail sale of Motor Spirit.*



*“Explanation. - For the purposes of this clause the expression “retail sale” means sale of Motor Spirit products not exceeding 2500 litres to anyone customer at a time.”*

In view of this newly added definition and its explanation, the filling stations which have one or more dispensing pumps and which sell Motor Spirit not exceeding 2500 litres to any one customer at a time are eligible for exemption from tax as per the aforesaid notification. However, dealers of “Bunker supplies” making sale of Motor Spirit to shipping vessel are usually suppliers of larger volumes and thereby are not covered under the definition of “retail outlet” and hence are not eligible for exemption from tax as per the aforesaid notification.

## **2.2 Supply of Goods by Associations to Members (Clause 24(b)(v)) (Sec.2)**

Supply by any association or body of persons incorporated or not, to members is considered as a deemed sale by virtue of sub-clause (v) of clause (b) to the explanation contained in section 2(24) of the MVAT Act, 2002. However, by way of abundant caution, an explanation is inserted that any association or body of persons incorporated or not and its members or constituents shall be deemed to be two separate persons and the supply of goods *inter se* shall be deemed to take place from one such person to another. Explanation (b) (v) to the Section 2 (24) [Definition of Sale] reads as under,

*“the supply of goods by any association or body of persons incorporated or not, to a member thereof for cash, deferred payment or other valuable consideration;”*

**Newly added explanation to Section 2 (24) (b) (v) is as under;**

*“Explanation. - For the purposes of this clause, it is here by clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of goods inter se shall be deemed to take place from one such person to another;”*

This amendment addresses the issue in interpretation of "deemed sales" under Section 2(24)(b)(v). It ensures that supplies by associations to their members are treated as separate transactions, thereby subjecting them to VAT. This change aligns with similar provisions in the Maharashtra Goods and Services Tax Act, 2017 (Mah. XLIII of 2017). Amended provision treats associations and their members as distinct persons for tax purposes and deems *inter se* supplies as taxable sales.

## **2.3 First charge for recovery of dues [Amendment to Section 37]:**

Earlier provision of the Section 37 (1) of MAVT Act, 2002 read as under, *“Notwithstanding anything contained in any contract to the contrary, but subject to any provision regarding creation of first charge in any Central Act for the time being in force, any amount of tax, penalty, interest, sum forfeited, fine or any other sum, payable by a dealer or any other person under this Act, shall be the first charge on the property of the dealer or, as the case may be, person”*

As per the said provision, any amount of tax, penalty, interest, sum forfeited, fine or any other sum payable by dealer or any other person under this Act shall be the first charge on the property of such dealer or such person. This provision was subject to any provision regarding creation of first charge in any Central Act for e.g. SARFAESI Act, 2002, the Recovery of Debts and Bankruptcy Act, 1993, the Insolvency and Bankruptcy Code, 2016, etc. Amended provision to Section 37 (1) is as under,

*“Notwithstanding anything contained in any law for the time being in force, or any contract to the contrary, any amount of tax, penalty, interest, sum forfeited, fine or any other sum, payable by a dealer or any other person under this Act, shall be the first charge on the property of the dealer or, as the case may be, person.”*

This has been done with retrospective effect from 1st April 2005. This amendment ensures that dues payable under the MVAT Act are treated as a first charge on the property of the dealer.

3. The above incorporated provisions are to be interpreted in consonance with the validation and savings clauses as set forth in Section 4 of the Maharashtra Act No. X of 2025.

You are requested to bring the contents of this circular to the notice of all the members of your association.

Yours faithfully,



(Asheesh Sharma)

Commissioner of State Tax  
Maharashtra State, Mumbai

No. VAT/AMD-2025/1A/2/Adm- 8/8-13

Trade Cir. 7 T of 2025

Mumbai Dt: 27-01-2025

Copy forwarded to the Joint Commissioner of State Tax (Mahavikas) with a request to upload this Trade Circular on the Departments web-site.



(Sanjay Deshmukh)

Joint Commissioner of State Tax,  
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