

Office of the
Commissioner of State Tax,
8th floor, GST Bhavan,
Mazgaon, Mumbai - 400 010.

TRADE CIRCULAR

No. VAT/AMD-2017/1B/Adm-8
Trade Circular No. 34 T of 2017.

Mumbai, dated 03/08/2017

Sub: Grant of refunds of the amount deposited by way of security deposit at the time of Voluntary Registration under MVAT Act, 2002 in cases of deemed cancelled registrations.

The person applying for voluntary registration has to deposit an amount of Rs. 25000/- by way of security deposit at the time of registration as per the proviso to section 16(2) of the Maharashtra Value Added Tax Act, 2002. Such deposit is not liable for adjustment against tax payable as per return or towards any other liability under MVAT Act, 2002. However, this deposit is refundable u/r 60A of the MVAT Rules, 2005 upon application made by such person or dealer and subject to conditions prescribed.

2. In view of the introduction of GST, amendment to the section 16 of MVAT Act, 2002 is made vide Maharashtra Act No. XLII of 2017 and new sub-section 6A is inserted. By virtue of this amendment, if the dealer has not effected sale of any goods specified in Schedule A or Schedule B as per the amended Act (Mah. Act No. XLII of 2017) during the year 2016-17, then the registration of such dealer shall be deemed to be cancelled with effect from 1st July 2017. However, such dealer can apply for revocation of cancellation of Registration Certificate, if he intends to carry on business of these goods.

As a consequence of this amendment to section 16 of the MVAT Act, 2002, registrations of the dealers who have not effected sale of the aforesaid commodities in the year 2016-17 are no more in existence w.e.f. 1st July 2017. Many of such dealers have taken voluntary registration by depositing Rs. 25000/- as security amount. Such deposited amount will be refunded as under:-

(a) if the deemed cancellation of registration certificate is,-

(i) within period of thirty six months from the date of registration certificate then, the application for the refund of such security deposit shall be made within the period of six months from the date of deemed cancellation i.e. upto 31st December 2017. Thus, if the RC is granted after 1st July 2014 and deemed cancelled on 30th June 2017, then such dealer shall apply till 31st December 2017.

or

(ii) after the period of thirty six months from the end of the month containing the date of effect of registration certificate then in such cases the application for refund shall be made after the period of thirty six months but before the end of period of forty eight months from the end of the month containing date of registration certificate.

Illustration:- If RC is granted on 25th August 2013, then such dealer shall apply after 31st August 2016 but before 31st August 2017.

(b) such dealers should file all the returns upto the date of deemed cancellation of registration along with the payment of taxes, if any.

(c) such dealers should not have applied for the revocation of cancellation of registration.

The refund of security deposits as per the applications received from the dealer as stated in (a)(i) or (a)(ii) above shall be granted within the **period of sixty days** from the date of application for such refund subject to conditions stated in rule 60A of the MVAT Rules, 2005 and clause (c) of para 2 of this circular.

3. In other cases,-

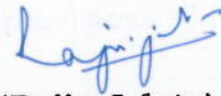
(a) where the applications for refund of security deposit are pending as on 30th June 2017 and which are in accordance with the provisions of law then the same shall be processed immediately.

or

(b) where the registration of the dealer is continued on or after 1st July 2017 under the MVAT Act, 2002 then the refund of security deposit shall be processed as per provisions of rule 60A of MVAT Rules, 2005.

4. This circular cannot be made use of for legal interpretation of provisions of law, as it is clarificatory in nature. If any member of the trade has any doubt, he may refer the matter to this office for further clarification.

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



(Rajiv Jalota)

Commissioner of State Tax,
Maharashtra State, Mumbai.

No.VAT/AMD-2017/1B/Adm-8
(Trade Cir. 34 T of 2017)

Mumbai, Date: 03/08/2017

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



(D. M. Thorat)

Joint Commissioner of State Tax, (HQ) 1,
Maharashtra State, Mumbai.