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Mazgaon, Mumbai - 400010.

TRADE CIRCULAR

Sub: Changes in the rate of tax, extension to exempted commodities & changes in taxation of liquor under the Maharashtra Value Added Tax Act, 2002.

- Ref:** 1) Notification No. VAT 1517/C.R.28/Taxation-1 dated 29th March 2017, issued u/s 9(1) of the MVAT Act, 2002.
2) Notification No. VAT 1517/CR 28/Taxation-1 dated the 29th March 2017, issued u/s 41(5) of the MVAT
3) Notification No. VAT 1516/CR 99/Taxation-1 dated the 6th Sep. 2016, issued u/s 41(5) of the MVAT

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To give effect to the Budget proposals for the year 2017-18, Schedules 'A' "C" and "D" of the MVAT Act, 2002 have been amended by notification, dated 29th March 2017 issued u/s 9(1) of the said Act. [Reference 1]. The notification u/s 41(5) of the MVAT Act, 2002 [No. VAT-1511/CR 57/Taxation-1 dated 30th April 2011] [taxation of liquor] has been amended by the notification referred at serial 2.

The revision in the tax rates and amendments to the notifications are explained as follows:

A. Amendments to Schedule 'A':

i. Tax free commodities with sun-set clause:

Commodities, specified in Schedule entry A-9A, A-51 and A-59 were tax-free upto 31st March 2017.

The commodities covered by these entries continue to be tax free till the introduction of the Goods and Services Tax Act in the State and these commodities are as follows:

1. *Paddy, rice, wheat and pulses in whole grain, split or broken form.*[A-9A(a)]
2. *The flour of wheat and rice including atta, maida, rawa and suji whether sold singly or in mixed form.*[A-9A(b)]
3. *The flour of pulses including besan when sold singly and not mixed with flour of other pulses or cereals.*[A-9A(c)]
4. *Papad, except when served for consumption.*[A-51(i)]
5. *Gur.*[A-51(ii)]
6. *Chillies, turmeric and tamarind whole, powdered or separated but excluding chilly seed and tamarind seed when sold in separated form.*[A-51(iii)]
7. *Coriander seeds, Fenugreek and Parsley (Suva) whole or powdered* [A-51(iv)]
8. *Coconut in shell and separated kernel of coconut, other than copra* [A-51(v)]
9. *Solapuri chaddars*[A-51(vi)]
10. *Towels* [A-51 (vii)]
11. *Wet dates* [A-51(viii)]
12. *Raisins and currants* [A-59]

ii. Amsul:

Amsul is taxable at the rate of 12.5% for the period from 1st April 2005 to 16th September 2016 and at the rate of 13.5% from 17th September 2016 to 31st March 2017. From 1st April 2017, amsul has become tax-free and shall continue to be tax-free till the

introduction of the Goods and Services Tax Act in the State. *[sub-entry (ix) added in Sch. entry A-51]*

iii. Card Swipe machines for merchant transactions:

Card Swipe machines, normally used by shops, restaurants etc. for cashless transactions, are taxable at the rate of 12.5% for the period from 1st April 2005 to 16th September 2016 and at the rate of 13.5% from 17th September 2016 to 31st March 2017. From 1st April 2017, these card swipe machines have become tax-free. *[entry 8A inserted in Sch. A]*

iv. Gas or Electric fired human body incinerator:

Gas or Electric fired human body incinerators are taxable at the rate of 12.5% for the period from 1st April 2005 to 16th September 2016 and at the rate of 13.5% from 17th September 2016 to 31st March 2017. From 1st April 2017, Gas and Electric fired human body incinerators have become tax-free. *[entry 25A inserted in Sch. A]*

v. Geo membrane used for farm pond, of thickness not less than 500 microns, having BIS specification:

Geo membrane is taxable at the rate of 5.5% for the period from 1st April 2016 to 16th September 2016 and at the rate of 6% from 16th September 2016 to 31st March 2017. From 1st April 2017, geo membrane, of thickness not less than 500 microns, used for farm pond and confirming to the specifications of the Bureau of Indian Standards (BIS), has become tax free. *[entry 25B inserted in Sch. A]*

vi. Milk testing kits for detecting milk adulteration:

Milk testing kits for detecting milk adulteration are taxable at the rate of 12.5% for the period from 1st April 2005 to 16th September

2016 and at the rate of 13.5% from 17th September 2016 to 31st March 2017. From 1st April 2017, milk testing kits for detecting milk adulteration have become tax-free. *[entry 33A inserted in Sch. A]*

vii. Soil testing kits for determination of soil nutrients:

Soil testing kits for determination of soil nutrients are taxable at the rate of 12.5% for the period from 1st April 2005 to 16th September 2016 and at the rate of 13.5% from 17th September 2016 to 31st March 2017. From 1st April 2017, Soil testing kits for determination of soil nutrients have become tax-free. *[entry 44A inserted in Sch.A]*

B. Amendment to Schedule 'C':

Tea:

Tea in leaf or powder form including instant tea *[Entry C-108]* is taxable at the rate of 5.5% for the period from 1st April 2016 to 16th September 2016 and at the rate of 6% from 16th September 2016 to 31st March 2017. This concessional rate of 6% shall now continue till the introduction of the Goods and Services Tax Act in the State.

C. Amendments to Schedule 'D':

Aviation Turbine fuel (Duty paid):

Aviation Turbine fuel (Duty paid), when sold in areas outside the geographical limits of Brihanmumbai Corporation, Pune Municipal Corporation and Raigad District, is taxable at the rate of 5%. *[Sch. entry D-11]*

Aviation Turbine fuel (Duty paid), when sold within the geographical limits of Brihanmumbai Corporation, Pune Municipal Corporation and Raigad District, is taxable at the rate of 25%.*[Sch.entry D-6]*

The Ministry of Civil Aviation, Government of India has recently announced "Regional Connectivity Scheme" to facilitate/stimulate regional air connectivity by making it affordable. Small air ports in Maharashtra at Amravati, Gondia, Nashik, Jalgaon, Nanded, Solapur, Kolhapur, Ratnagiri, Shirdi and Sindhudurg have been included in this "Regional Connectivity Scheme".

Prior to the 1st April 2017, Aviation Turbine Fuel (Duty paid) sold in these towns was liable to tax at the rate of 5%. From 1st April 2017, the Aviation Turbine Fuel (Duty paid) sold for flights, under the "Regional Connectivity Scheme", as communicated by the Airports Authority of India, shall be liable to tax at the rate of 1%. *[New entry 11A inserted in Sch. D]* This concessional rate of 1% shall continue up to the 31st March 2027. In view of this newly inserted entry D-11A, consequential technical amendments have been made to the schedule entries D-6 and D-11.

The State Government shall be issuing a notification in the Official Gazette, prescribing conditions for the applicability of this lower rate of tax of 1%.

D. Taxation of Liquor Manufacturers:

The rate of tax on liquor, covered by schedule entries D-1, D-2 and D-3 is 60%, as per the respective schedule entries.

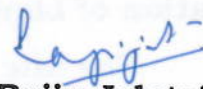
Manufacturers of liquor, holding licence in PLL, BRL and CL-I under the Maharashtra Prohibition Act, 1959, are required to pay tax at the schedule rate subject to the limit of MRP X 30 / 130. *[Notfn No. VAT 1511/CR 57/Taxn 1-dtd 30th April 2011]* From 1st April 2017, such manufacturers shall be liable to pay tax at schedule rate subject to the limit of MRP X 35/135.

From 1st April 2017, wholesalers, importing liquor from outside the State or from other country shall pay tax at Schedule rate, subject to the same limit of MRP X 35/135 on their sales of liquor brought from other States or from outside India.

Restaurants, importing liquor from outside the State or from outside the country shall also be required to pay tax at Schedule rate subject to the limit of MRP X 35/135 of such liquor sold by them in addition to 5% or 20% of the actual sales price (depending on the star rating of the restaurant) from 1st April 2017.

The rate of tax in the above referred schedule entries continues to be 60%.

Certain conditions in the Notfn No. VAT 1511/CR 57/Taxation 1- dated 30th April 2011 have earlier been modified by notification No. VAT 1516/CR-99/Taxation-1 dated 6th September 2016 and certificate 'A' (manufacturer), certificate 'B' (wholesaler), certificate 'C' (importer), certificate 'D' (retailer) are required to be incorporated in the invoices. It goes without saying that the benefit of the partial exemption under this notification dated 30th April 2011, shall be applicable only on compliance of the conditions, mentioned in the said notification, as amended from time to time.



(Rajiv Jalota)

Commissioner of Sales Tax,
Maharashtra State.

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(D.M. Thorat)

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