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

TRADE CIRCULAR

To,

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No. VAT/MMB-2015/47/2016-17/ADM-8 dated 21st September 2016
Trade Cir. No. 27 T of 2016

Subject : **Amendments to the Maharashtra Settlement of Arrears in Disputes Act, 2016. (Mah. Ordinance No. XXIII of 2016.)**

Ref. : (1) The Maharashtra Settlement of Arrears in Disputes Act, 2016. (Act No. XVI of 2016)
(2) Trade Circular No. 10T of 2016 dated 3rd May 2016
(3) Trade Circular No. 10(A)T of 2016 dated 3rd May 2016.
(4) Trade Circular No. 19T of 2016 dated 30th June 2016.
(5) Trade Circular No. 20T of 2016 dated 19th July 2016.
(6) Trade Circular No. 21T of 2016 dated 24th August 2016.
(7) Trade Circular No. 24T of 2016 dated 3rd September 2016.
(8) The Maharashtra Ordinance No. XXIII of 2016 dated 17th September 2016.

Gentlemen/Sir/Madam,

1. The Maharashtra Settlement of Arrears in Disputes Act, 2016 (hereinafter referred to as "Settlement Act") has come into force with effect from 26th April 2016. Subsequent to this, various Trade Circulars cited at Ref. (2) to (7) above have been issued.
2. The Maharashtra Ordinance No. XXIII of 2016 is promulgated on 17th September 2016. Vide aforesaid Ordinance certain amendments are made to Settlement Act which are effective from 26th April 2016. These amendments are briefly explained as under:
   (1) **Amendment to Section 2(2) of the Settlement Act:**
      (a) The clause (2) of section 2 of the Settlement Act defines the term "arrears in dispute". In order to qualify any amount of

tax, interest or penalty as 'arrears in dispute' one of the condition was that a recovery of the aforesaid arrears must have been stayed either fully or partly by the appellate authority, Tribunal or the Court.

(b) The clause (2) of section 2 of the Settlement Act is now amended with effect from 26th April 2016 and the condition of stay is dispensed with.

(c) Therefore, for the purposes of the Settlement Act, it is not necessary to submit/enclose the copy of the stay order. In other words, the applicant is entitled to avail the benefits irrespective whether the arrears in dispute pending in appeal are stayed or not.

(d) All the authorities concerned are directed to take note of this amendment and dispose of the Settlement application accordingly.

(2) **Amendment to Section 6 of the Settlement Act:**

(a) The Section 6 of the Settlement Act provides for the determination of the requisite amount and extent of the waiver.

(b) It also provides that the requisite amount is to be determined after reduction of the part payment made in the appeal.

(c) Now, sub-section *(1)*, *(2)* and *(4)* of the Settlement Act is amended with effect from 26th April 2016. The amended provisions expands the scope of the appropriation of the amount paid after the date of assessment order but before filing of appeal.

(d) As a result, for the purposes of Settlement Act, any amount paid either after the date of assessment order or, after the date filling of the appeal will get appropriated first towards the tax, then towards interest and if any amount is remained unadjusted same will be adjusted against penalty amount.

(e) Thus, all the concerned authorities are directed to take the note of it and accordingly calculate the extent of the waiver and requisite amount to be paid under the Settlement Act.

3. Needless to say, the benefits, concession accorded by the aforesaid amendment shall be available in respect of all the applications filed even before the date of commencement of the Maharashtra Ordinance No. XXIII of 2016.
4. All the authorities are directed to follow these instructions scrupulously.

Yours faithfully,

(Rajiv Jalota)
Commissioner of Sales Tax,
Maharashtra State, Mumbai.

No. VAT/MMB-2015/47/2016-17/ADM-8 dated 21st September 2016.
Trade Circular No.27T of 2016.

(D.M. Thorat)
Joint Commissioner of Sales Tax,
(HQ)-1, Maharashtra State, Mumbai.

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