

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

TRADE CIRCULAR

No. VAT/AMD/1B/2015/ADM-8
Trade Circular No. 18 T of 2015.

Mumbai, Date: 20/11/2015

Subject: - Revision in rates of interest.

**Reference :- Notification No. VAT 1515/CR-81/
Taxation-1, dated 5th November 2015.**

Under the Maharashtra Value Added Tax Act, 2002, every dealer is required to pay tax within the prescribed time. If payment of such tax is delayed, then interest under Section 30 of the Maharashtra Value Added Tax Act, 2002 is attracted. The dealer is liable to pay interest as per the rate prescribed in Rule 88(1) of Maharashtra Value Added Tax Rules, 2005.

The State Government has issued a Notification No. VAT 1515/CR-81/ Taxation-1, dated 5th November 2015 in this respect. By virtue of the said notification an amendment to sub-rule (1) of the Principal rule 88 under Maharashtra Value Added Tax Rules, 2005 is effected.

Earlier under rule 88(1) the rate of interest was one and a quarter percent of the amount of delayed tax payment. By this amendment the rates of interest prescribed under rule 88(1) for the purpose of subsection (1), (2) and (3) of section 30 of Maharashtra Value Added Tax Act, 2002 are revised. The said amendment is effective from 1st of December 2015.

The new rates of interest shall be as specified in table below:-

Sr.No.	Period, liable for interest	Rate of interest
(1)	(2)	(3)
1.	Upto one month	One and a quarter per cent of the amount of such tax, for the month or for part thereof.
2.	Upto three months	One and a quarter per cent of the amount of such tax, for the month or for part thereof for the first month of delay and one and a half per cent of the amount of such tax, for each month or

		for part thereof for delay beyond one month upto three months.
3.	More than three months	One and a quarter per cent of the amount of such tax, for each month or for part thereof for the first month of delay, one and a half per cent of the amount of such tax, for each month or for part thereof for delay beyond one month upto three months and two per cent of the amount of such tax, for each month or for part thereof for the period delay beyond three months.

The old rates of interest will apply where the default starts and ends before 1st December 2015. In another words, if the tax has become due before the 1st December 2015 and default continues after the 1st December 2015, then for the period of default before 1st December 2015, the old rates of interest shall apply and in so far as the default continues on or after 1st December 2015, the new rates will apply as per the slabs which shall commence on 1st December 2015.

In order to demonstrate the calculation of interest in various contingencies illustrations are provided below:-

A) Dealers liable to pay interest under Section 30 (1) :-

The interest under this section is payable by a dealer or person who has failed to apply for registration or has failed to apply for registration within prescribed time.

Illustration (1)	
Date on which dealer is liable for registration (crossed T.O. limit)	20.06.2015
Date of application for registration	20.10.2015
Effective date of R.C.	20.10.2015
Date of payment of tax	20.11.2015
<u>Interest payable as per rule 88(1)</u>	
1.04.2015 to 20.11.2015	@ 1.25% per month or part thereof on such payment of tax (As the amendment is effective from 1.12.2015)
Illustration (2)	
Date on which dealer is liable for registration	20.06.2015

Date of application for registration	20.10.2015
Effective date of R.C.	20.10.2015
Date of payment of tax	20.12.2015
Interest payable as per rule 88(1)	
1.4. 2015 to 30.11.2015	@1.25% per month or part thereof on such payment of tax
1.12.2015 to 20.12.2015	@1.25% per month or part thereof on such payment of tax (1 st month of delay in payment of tax after amendment)
Illustration (3)	
Date on which dealer is liable for registration	30.12.2015
Date of application for registration	20.3.2016
Effective date of R.C.	20.3.2016
Date of payment of tax (unpaid tax for URD period)	31.3.2016
Interest payable as per rule 88(1)	
1.4.2015 to 30.11.2015	@ 1.25% per month
1.12.2015 to 31.12.2015	@ 1.25% per month
1.1.2016 to 29.2.2016	@ 1.50% per month
1.3.2016 to 31.3.2016	@ 2% per month

B) Dealers liable to pay interest under Section 30 (2) :-

The interest under this section is payable by the registered dealer who has failed to pay tax within prescribed time under the Maharashtra Value Added Tax Act, 2002.

Illustration (1)	
Periodicity	Monthly
Period of return	April 2015
Due date of payment	21.5.2015
Paid on	30.11.2015
Interest payable as per rule 88(1)	
22.05.2015 to 30.11.2015	@ 1.25% per month or part thereof
Illustration (2)	
Periodicity	Monthly
Period of return	April 2015
Due date of payment	21.5.2015

Paid on	31.3.2016
<u>Interest payable as per rule 88(1)</u>	
22.5.2015 to 30.11.2015	@ 1.25% per month
1.12.2015 to 31.12.2015	@ 1.25% per month
1.1.2016 to 29.2.2016	@ 1.5% per month
1.3.2016 to 31.3.2016	@ 2% per month

The same analogy will be applicable for the dealers having quarterly and six monthly periodicity.

For the purpose of second proviso to clause (a), (b) and (c) of sub-section (2) of section 30 of MVAT Act, 2002, the interest is to be computed from 1st October of the year, to which the annual revised return relates. The rate of interest is to be calculated as under :

Illustration (3) -

Type of return	Annual revised return filed in time
R.C. effective on	30.06.2014
Annual revised return for the year	2014-15
Return filed and payment made	14.02.2016
Due date of annual revised return u/s 20(4)(b)	14.02.2016

Interest payable as per rule 88(1)

(1) 1.10.2014 to 30.11.2015	@ 1.25%
(2) 1.12.2015 to 31.12.2015	@ 1.25%
(3) 1.1.2016 to 14.2.2016	@ 1.5%

Illustration (4) -

Type of return	Annual revised return filed late
R.C. effective on	30.06.2014
Annual revised return for the year	2014-15
Return filed and payment made	15.03.2016
Due date of annual revised return u/s 20(4)(b)	14.02.2016

Interest payable as per rule 88(1)

(1) 1.10.2014 to 30.11.2015	@ 1.25%
(2) 1.12.2015 to 31.12.2015	@ 1.25%
(3) 1.1.16 to 29.02.2016	@ 1.5%
(4) 1.03.2016 to 15.03.2016	@ 2%

For the purpose of second proviso to clause (d) and (e) of sub-section (2) of section 30 of MVAT Act, 2002.

Illustration (5) -

Type of return	Annual revised return
R.C. effective from	1.11.2015
Annual revised return for the year	2015-16
Return filed and payment made	15.02.2017
Due date of annual revised return u/s 20(4)(b)-	14.02.2017
<u>Interest payable as per rule 88(1)</u>	
(1) 1.11.2015 to 30.11.2015	@ 1.25%
(2) 1.12.2015 to 31.12.2015	@ 1.25%
(3) 1.01.2016 to 29.02.2016	@ 1.5%
(4) 1.03.2016 to 15.02.2017	@ 2%

Illustration (6) -

Type of return	Annual revised return
R.C. cancelled on	1.09.2015
Annual revised return for the year	2015-16
Return filed and payment made	15.03.2017
Due date of annual revised return u/s 20(4)(b)-	14.02.2017
<u>Interest payable as per rule 88(1)</u>	
(1) 1.09.2015 to 30.11.2015	@ 1.25%
(2) 1.12.2015 to 31.12.2015	@ 1.25%
(3) 1.01.2016 to 29.02.2016	@ 1.5%
(4) 1.03.2016 to 15.03.2017	@ 2%

C) Dealers liable to pay interest under Section 30 (3) :-

The interest under this section is payable by the dealer who is liable to pay interest on any tax other than tax on which interest is leviable under sub-section (2) of section 30 i.e. interest is payable on Assessment Dues.

Illustration (1) -

Assessment period	2012-13
A.O. passed on	30.11.2015
<u>Interest payable as per rule 88(1)</u>	

1.04.2013 to 30.11.2015	@ 1.25% per month
Illustration (2) -	
Assessment period	2012-13
A.O. passed on	31.03.2016
<u>Interest payable as per rule 88(1)</u>	
(1) 1.04.2013 to 30.11.2015	@ 1.25% per month
(2) 1.12.2015 to 31.12.2015	@ 1.25% per month
(3) 1.01.2016 to 29.02.2016	@ 1.5% per month
(4) 1.03.2016 to 31.03.2016	@ 2% per month

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.

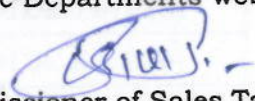
You are requested to bring the contents of this circular to the notice of the members of your association.


(RAJIV JALOTA)
 Commissioner of Sales Tax,
 Maharashtra State, Mumbai.

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Mumbai, Date: 20/11/2015

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