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### **TRADE CIRCULAR.**

**Sub:** Amendments to various Acts administered by the Sales Tax Department and notifications issued thereunder.

**Ref:** 1) Maharashtra Act No XVII of 2015 dated 18<sup>th</sup> April 2015  
2) Notification No. VAT 1515/CR 39(1)/Taxation 1 dated 27<sup>th</sup> March 2015, issued u/s 9(1) of the Mah. Value Added Tax Act, 2002.  
3) Notfn. No VAT 1515/CR 39(2)/Taxation 1 dated 27<sup>th</sup> March 2015 issued under Schedule entry C-70 of the Mah. Value Added Tax Act, 2002

No.VAT/AMD-2015/1A/3/Adm-8

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Trade Cir. 6 T of 2015

Mumbai Dt: 14-05-2015

To give effect to the Budget proposals for the year 2015-16, a Bill (Legislative Assembly Bill No. XVI of 2015) to amend the various Acts, administered by the Sales Tax Department has been passed by the Legislature and has received assent of the Governor on 18<sup>th</sup> April 2015. The Act (Maharashtra Act No. XVII of 2015) is published in the Maharashtra Government Gazette dated 18<sup>th</sup> April 2015.

Schedule 'A' and "C" have been amended by notification u/s 9(1) of the MVAT Act, 2002, (reference no. 2) issued on 27<sup>th</sup> March 2015. Notification referred at serial 3, under the newly substituted Schedule entry C-70 for "paper" has been issued on 27<sup>th</sup> March 2015.

The Acts, which are amended, by the above referred Amendment Act, are as follows:

1. The Maharashtra Purchase Tax on Sugarcane Act, 1962(SCPT Act);

2. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 (PT Act);
3. Maharashtra Tax on the Entry of Goods in to Local Area Act, 2002 (Entry Tax Act);
4. The Maharashtra Value Added Tax Act, 2002 (MVAT Act).

The effective date for each of the amendment has been mentioned in the respective para explaining the amendment.

**The salient features of the amendments are explained below:-**

**A. Amendments to Maharashtra Purchase Tax on Sugarcane Act, 1962 (SCPT Act):-**

**Exemption from payment of SCPT for 2014-15** (*Amendment of section 12B*):

- i. Clause (e) of section 12B had empowered the State Government to issue a notification, providing for exemption from the payment of SCPT by the sugar factories to assist them to make payment of fair and remunerative price to the farmers for the year 2013-14.
- ii. Clause (e) has now been amended to enable the State Government to issue such notification for the year 2014-15 also.
- iii. The notification, issued by the State Government, shall be made available on the Department's web-site, immediately after it is issued.

**B. Amendment to the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 (PT Act):**

**Exemption limit for salaried women increased** (*Amendment to Schedule*):

- i. *Existing provision:* Schedule I, appended to the PT Act provides for rates of tax for different classes of persons. Entry 1 in this Schedule contains slab-wise rates of tax, applicable to salary and wage earners. Entry 1 in Schedule I was amended last year w.e.f. 1<sup>st</sup> July 2014 to increase the exemption limit for salary/wage earners to rupees 7,500 per month.

- ii. *Amended provision:* As announced by the Hon'ble Finance Minister during the budget speech for the year 2015-16, the exemption limit of salary/wages for women has now been increased from rupees 7,500 to rupees 10,000 per month. This amendment is effective from 1<sup>st</sup> April 2015. The benefit of this increased exemption limit shall be available to the salary for the month of April 2015 and onwards, irrespective of the date on which the salary is disbursed.
- iii. The rates of PT for other slabs of salary, wages remain unchanged.

**C. Amendments to Maharashtra Tax on the Entry of Goods into Local Area Act, 2002 (Entry Tax Act):**

**Levy of Entry Tax on certain iron and steel goods- (Amendment to Schedule):**

- i. Entry tax is payable by an "importer" on the entry of specified goods into a local area for sale, consumption or use therein.
- ii. An "importer" has been defined in section 2(1)(g) of the Entry Tax Act as follows:  
*"importer", in relation to any goods, means,-*  
*(i) a person who imports any goods whether on his own account or on account of a principal or any other person, into a local area for consumption, use or sale therein;*  
*(ii) any owner of the goods at the time of the import of such goods into a local area."*
- iii. The term, "import" has been defined in section 2(1)(f) of the Entry Tax Act as follows:  
*"import" with all its grammatical variations and cognate expressions means bringing or causing to be brought or receiving any goods into a local area from a place outside the State;"*
- iv. Entry Tax Act has a Schedule containing a list of the commodities on which the entry tax is leviable and the rates thereon. The Schedule contained 16 entries.
- v. A new entry has been added at serial no. 17 in the said Schedule wef 1<sup>st</sup> April 2015. By virtue of this newly inserted entry, goods covered by clauses (iv) and (v) of entry 55 of schedule 'C' appended to the MVAT Act have become liable for Entry Tax at the rate of 5%.  
 The goods so covered for the purpose of levy of entry tax are as follow:

*(a) steel bars (rounds, rods, square flats, octagons and hexagons, plain and ribbed or twisted in coil form as well as straight lengths).;*

*(b) steel structurals,(angles, joints, channels, tees, sheet piling sections, Z sections or any other rolled sections);*

- vi. It may be noted here that in addition to the above mentioned items, the steel bars and steel structures made up of stainless steel will also be covered under the said entry and hence be liable for the levy of entry tax.
- vii. Entry Tax is also leviable on the entry of specified goods brought from outside India for the purposes, specified above.
- viii. Entry tax is not leviable if the importer of goods is registered under the MVAT Act and if such goods have been brought into the State for the purpose of:
  - a. resale in the state, or
  - b. sale in the course of inter-State trade or commerce, or
  - c. export out of the territory of India.

If the goods are utilised for purposes, other than those mentioned above, then Entry Tax is required to be paid.

It may be noted that "a sale in the course of inter-state or commerce" does not include a sale effected by transfer of documents of title to such goods during their movement from one state to another, or the subsequent sale effected during such movement by way of transfer of documents of title to such goods. In other words, entry tax would be payable for the entry of such goods.

- ix. An importer is liable for registration under the Entry Tax Act, if the value of the specified goods imported by him at any time exceeds rupees ten thousand in a financial year. Application for registration is required to be made in Form 1 within 30 days from the date on which the value of such goods exceeds rupees 10,000. Of course, an importer would not be liable to pay Entry Tax till the time the value of such goods does not exceed rupees 10,000 in that year.
- x. The Entry Tax payable by the importer shall be reduced by the amount of VAT, if any, paid in the Union Territory

or the State, in which the, goods are purchased, by the importer.

- xi. Set-off of the tax paid under the Entry Tax Act, is also admissible under MVAT rule 52(1)(c), to a dealer registered under the MVAT Act. However, the admissibility of set-off is subject to the provisions in other MVAT rules or any MVAT notification relating to retention and non-admissibility of set off.

For instance, a developer opting for the (1%) composition scheme notification, dated 9<sup>th</sup> July 2010, issued u/s 42(3A) would not be eligible to claim set off being barred by the condition (3) of the said notification.

#### **D. Amendments to Maharashtra Value Added Tax Act, 2002 (MVAT Act)**

##### **1. "Service Tax-"sale price" & "purchase price"-(Amendment to Section 2) :**

- i. *Existing provision:* Clause (20) of section 2 of MVAT Act defines "purchase price" and clause (25) of section 2 defines "sale price". Explanation I of both the clauses provides that the Central Excise Duty, Customs Duty and State Excise Duty shall form part of sale price and purchase price.
- ii. *Amended provision:* New Explanation IA has been inserted w.e.f. 1<sup>st</sup> April 2015 in clause (20)[*definition of "purchase price"*] and also clause (25)[*definition of "sale price"*] of section 2. This Explanation 1A in section 2(25) explains that the Service Tax levied or leviable under the Finance Act, 1994 and collected separately by the seller shall not form part of "sale price". Similarly, Explanation IA in section 2(20) explains that the Service Tax levied or leviable under the Finance Act, 1994 and collected separately from the purchaser shall not form part of "purchase price".
- iii. It may be noted that benefit of this deduction shall be admissible only if the Service Tax is levied or leviable and the amount of Service Tax has been separately collected in the Invoice or bill from the purchaser. This deduction shall be available to all types of sales effected on or after 1<sup>st</sup> April 2015. Service Tax shall not be allowed as deduction in case of works contract

transactions, for which composition has been opted u/s 42(3) or u/s 42(3A)

iv. Position prior to the 1<sup>st</sup> April 2015:

The Maharashtra Sales Tax Tribunal has, by its judgment dated 9<sup>th</sup> March 2015 in the case of M/s Sujata Painters, held that "Service Tax cannot form part of sale price u/s 2(25) of the MVAT Act in a transaction wherein the sale price is determined subject to rule 58 of the MVAT Rules and is not liable to VAT".

Department has decided to accept the said Tribunal decision. Therefore, for all the periods prior to the 1<sup>st</sup> April 2015, Service Tax shall not form part of "sale price" in a works contract transaction wherein the sale price is determined under MVAT rule 58 and Service Tax has been collected separately.

The same analogy would be applicable to the definition of "purchase price".

**2. Multiple revised returns-(Amendment to sub-section (4) of section 20):**

- i. *Existing provision:* A dealer is permitted to file revised return in the following circumstances, when he :
  - a. discovers any omission or an incorrect statement in the original return-. [section 20(4)(a)]
  - b. discovers any omission or a mistake in the original return as a result of the audit report u/s 61 in form e-704-[section 20(4) (b)]
  - c. agrees with the observation contained in intimation in form 604 or 604A u/s 63 that a return filed by him contains any omission or incorrect statement-[section 20 (4) (c)]
- ii. From 1<sup>st</sup> May 2011, a dealer has been barred from filing multiple revised returns for each of the clauses, mentioned above [read proviso to sec. 20(4)].
- iii. *Amended provision:* From 1<sup>st</sup> April 2015, the statutory bar for filing multiple revised returns u/s 20(4)(c) has been removed. Therefore, if a dealer is audited more than once for the same period and if such dealer agrees with the observations contained in form 604 or 605, then he can file revised return

more than once. It is also clarified that a dealer can file multiple revised returns u/s 20(4)(c), for any period whatsoever. This provision shall be applicable to all live proceedings.

**3.Reduction in late fee-(Amendment to sub-section (6) of section 20):**

- i. *Existing provision:* Sub-section (6) of section 20 provides for the payment of late fee in case of a late return. By the Amendment Act no. XVII of 2014 dated 26<sup>th</sup> June 2014, this sub-section had been amended and it was provided that in case the delay in filing of returns is up to 30 days then the late fee shall be payable at rupees 2,000 instead of rupees 5,000.
- ii. *Amended provision:* This sub-section (6) has been further amended by this Amendment Act No.XVII w.e.f. 1<sup>st</sup> May 2015. By virtue of this amendment, late fee shall be payable at rupees 1,000 instead of rupees 2,000 if the delay in filing of a return is up to 30 days from the due date.
- iii. Benefit of this reduced late fee of rupees 1,000 shall also be available for return period ending on 31<sup>st</sup> March 2015, of all periodicities. Grace period of 10 days has been allowed administratively, since 2008, for filing of return to a dealer, who makes payment of tax, as per return upto the due date prescribed in rules. For the purpose of computing delay of 30 days, this grace period of 10 days would not be considered.

**4. Pre-condition for transaction-wise assessment-[Amendments to Section 23(5)(a)]:**

- i. *Existing provision:* As per the un-amended provisions of section 23(5)(a), an assessing officer was able to initiate transaction wise assessment only "*during the course of any proceedings under the Act.*" For this purpose, the assessing authorities had to issue notice in form 603 asking the dealer to produce the books of accounts for inspection u/s 63.

- ii. *Amended provision:* Clause (a) of section 23(5) has now been amended w.e.f. 1<sup>st</sup> April 2015. Due to this amendment, the pre-condition that the prescribed authority should be satisfied about evasion of tax etc. "during the course any proceeding under this Act" has been removed. Now if the prescribed authority has "reason to believe that any dealer has evaded or has attempted to evade the tax etc." then the assessing authority can issue Form 302 for initiating transaction wise assessment under section 23(5). Issuing of notice in Form 603 would no more be a pre-requisite for commencing transaction-wise assessment proceedings u/s 23(5). However, the assessing authority shall clearly state the reasons on the proceeding sheet before issuing notice in form 302.

**5.Provision of limitation period for transaction-wise assessment-[Addition of Proviso in Sec. 23(5)(d)]:**

- i. *Existing provision:* Section 23 contains different contingencies, in which a dealer can be assessed and also specifies the limitation period for passing of an assessment order for each of the contingencies. However, limitation period had not been provided for passing a transaction-wise assessment order u/s 23(5).
- ii. *Amended provision:* A new proviso has now been added, w.e.f. 1<sup>st</sup> April 2015, in section 23(5)(d), to provide for a limitation period of six years for transaction-wise assessments. This limitation period of six years for passing an assessment order under section 23(5) would be applicable to notices in Form 302 issued on or after the 1<sup>st</sup> April 2015. It may be noted that the limitation period of six years shall be computed from the end of the year, in which the transaction or the claim, being assessed, falls.
- iii. If the notice in Form 302 has been issued prior to the 1<sup>st</sup> April 2015, then limitation period for such assessment shall be governed by the un-amended provisions.
- iv. Form-302 cannot be issued after 31<sup>st</sup> March 2015 for any transaction-wise assessment u/s 23(5) for the transaction/claim falling in the FY 2005-06, 2006-07, 2007-08 and 2008-09. However, if any notice in form

302 has already been issued prior to the 1<sup>st</sup> April 2015, then the limitation period of six years would not be applicable.

- v. Thus, limitation period for passing assessment order u/s 23(5), in respect of notices issued on or after after 1<sup>st</sup> April 2015, containing the transaction/claims in the FY 2009-10 would be 31<sup>st</sup> March 2016 and for FY 2010-11 it would be 31<sup>st</sup> March 2017 and so on.

**6. Cancellation u/s 23(11) of assessment orders u/s 23(5):** *[Amendment to sub-section (11) and sub-section (12) of section 23]:*

- i. *Existing provision:* Sub-section 23(11) provides that if any dealer is not able to attend on the date of assessment then he may apply to the assessing officer in Form 316 for the cancellation of such assessment order. Thus, the dealer had an option either to file an appeal against such ex-parte assessment order or to apply in Form 316 for the cancellation of such ex-parte assessment order to the concerned assessing officer. The application is required to be made within 30 days from the date of service of the assessment order upon him.
- ii. Under the un-amended provisions of section 23(11) a dealer was eligible to make application in Form 316, only if the assessment order had been passed under section 23(2) *[return in time]*, 23(3) *[return late]* or 23(4) *[assessment of unregistered dealer]*. However, the application in Form 316 could not be made for transaction-wise assessment order under section 23(5).
- iii. *Amended provision:* Now, sub-section (11) of section 23 has been amended w.e.f. 1<sup>st</sup> April 2015 to provide that a dealer can apply in Form 316 for the cancellation of an ex-parte assessment order passed u/s 23(5) also. A dealer would be eligible to apply in Form 316 even for the assessment order passed u/s 23(5) prior to the 1<sup>st</sup> April 2015, if the period of 30 days from the date of service of such assessment order has not expired on 1<sup>st</sup> April 2015. A dealer, in whose case this limitation period of 30 days has

already expired before 1st April 2015, shall not be eligible to make an application in Form 316 for the cancellation of the assessment order. Such dealer, if he desires, may file an appeal u/s 26.

- iv. Consequential amendment, technical in nature, has been made to sub-section (12) of section 23.

#### **7. Modification of tax liability-(Substitution of section 28):**

- i. *Existing provision:* Section 28 provides for a contingency where an appeal or review may be decided under one Act by the Court, Tribunal, appeal authority or any other authority, the effect of which would be that the liability under the other Act, which may not be in appeal or under review etc. and hence may be out of bound due to limitation.
- ii. *Amended provision:* The present provision provides for this contingency only to the extent of classification of turnover. However, the results of such appeal or review may be over other fields such as set-off, CQB etc Section 28 has now been, therefore, substituted w.e.f. 1<sup>st</sup> April 2015 to widen the scope of contingencies covered.

#### **8. Computation of interest in case of annual revised return-(Amendment to Section 30):**

- i. As seen in para D-2 above, a dealer can file revised returns in three different contingencies. Revised return for the year was required to be filed, from 1<sup>st</sup> May 2013, u/s 20(4)(b) [on agreeing with the recommendations in e-704] and u/s 20(4)(c) [revised return on agreeing with the Business Audit/Investigation findings in Form 604/605].
- ii. Sub-section (2) of section 30 provides for payment of interest at the rate of 1.25% per month on the excess amount of tax payable as per the revised return. The interest u/s 30(2) becomes payable from the due date of the original return to which the excess payment of tax relates till the date of payment.
- iii. Due to the introduction of annual revised return, the computation of interest under section 30(2) was posing problems.

- iv. A new proviso has been added in section 30(2). This proviso provides for a Table, mentioning different types of contingencies and the date from which interest u/s 30(2) is to be computed for each of the contingency. The interest shall be payable from the date, mentioned in column 2 of the Table, which is as follows:

| <b>Registration status in the year for which annual revised return is filed</b>                                                                      | <b>Interest to be computed from</b>                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>(1)</b>                                                                                                                                           | <b>(2)</b>                                                                       |
| a) Dealer, holding certificate of registration for whole year.                                                                                       | 1 <sup>st</sup> October of the year, to which the annual revised return relates. |
| b) Certificate of registration granted, effective from any date up to the 30 <sup>th</sup> September of the year to which revised return relates.    | 1st October of the year, to which the annual revised return relates.             |
| c) Certificate of registration cancelled, effective on any date after the 30 <sup>th</sup> September of the year to which revised return relates.    | 1st October of the year, to which the annual revised return relates.             |
| d) Certificate of registration granted, effective from any date after the 30 <sup>th</sup> September of the year to which revised return relates.    | effective date of registration.                                                  |
| e) Certificate of registration cancelled, effective on any date prior to the 30 <sup>th</sup> September of the year to which revised return relates. | effective date of cancellation of registration.                                  |

Method of calculation of interest, as per Table is applicable to all the annual revised returns filed from 1<sup>st</sup> April 2015 u/s 20(4)(b) and u/s 20(4)(c).

**9. Transfer of business due to amalgamation or demerger-**  
(Amendment to section 44):

- i. A dealer who is liable to pay tax under the Act is required to possess a certificate of registration. [Section 16(1)]. Section 44 contains provisions regarding different contingencies in which a dealer become liable to pay tax.
- ii. When a company amalgamates with another company under the Company Law, then the business of the amalgamating company gets transferred to the amalgamated company. Similarly, in case a company demerges into two companies, the business of the company to be demerged gets partially transferred to the demerged company.

*Illustration: M/s ABC Ltd, desiring to amalgamate, w.e.f. 1<sup>st</sup> April 2014 (known as, 'appointed date'), with M/s XYZ Ltd files scheme of amalgamation with the High Court. The High Court approves the scheme of amalgamation by its order dated 15<sup>th</sup> April 2015. After the High Court order is passed, the Company is required to apply within 30 days to the Registrar of Companies [ROC]. The ROC, after verifying the documents and compliance by the Company notifies the amalgamation.*

- iii. Section 44, prior to its amendment, did not contain any express provision providing for the contingencies of amalgamation and demerger. However, due to the provisions contained in section 47 of the MVAT Act, the transfer of business was considered to be from the date of the High Court order. Since the companies were required to comply with certain formalities even after the High Court order and since the scheme of amalgamation or demerger did not come into effect till the ROC notified amalgamation or demerger, the Companies were facing difficulties in obtaining and cancelling registration.
- iv. A new sub-section (4A) has been inserted in section 44 w.e.f. 1<sup>st</sup> April 2015 to make an express provision for the amalgamation and demerger cases. The newly inserted sub-section gives an option to the company to opt the date of transfer of business from either the date of the order or the date on which the ROC notifies the amalgamation or demerger. In other words, a company shall have following options for the purpose of considering the date of transfer of business in cases of amalgamation or demerger, as follows:

- a) Date of the order of the High Court, Tribunal or the Central Government, or
  - b) Date on which the ROC notifies the amalgamation or demerger.
- v. If the amalgamated company (*transferee company*) is not registered under the MVAT Act, then it is required to apply for registration under the MVAT within 30 days from the date of transfer of business [Rule 8(1)]. On the other hand, the company to be amalgamated (*transferor company*) is required to apply for cancellation of MVAT registration. Since the date of transfer of business can be opted by the company, such date as opted by the company shall be relevant for computing the limitation for making an application for MVAT registration.
- vi. In "demerger", a division of a company is transferred to a newly-formed company or an existing company. The transferor is called a "Demerged" company and the transferee is called a "Resulting" company. Both the demerged company and resulting company retain their existence after demerger. In this situation, transferee company is required to apply for registration. In the case of demerger too, an option has been given to the company, as regards the date of transfer of business. Application for MVAT registration would be required to be made within 30 days from such date, as opted by the company.

**10. Amalgamation and demerger-(Amendments to sec. 47):**

In view of the amendment to section 44, as explained above, consequential amendments have been made to section 47 w.e.f. 1<sup>st</sup> April 2015.

**11. Amendment to Schedule A:**

**i. Graph book, laboratory note book, drawing book and work book-(Amendment of entry 6):**

Prior to 1<sup>st</sup> April 2015, Graph book, laboratory notebook and drawing book were taxable at 5%, being covered by Schedule Entry C-32. Graph books, laboratory notebooks, drawing books and work books are now tax free w.e.f. 1<sup>st</sup> April 2015 due to the inclusion of these commodities in Schedule entry A-6.

Consequential amendment has also been made to Schedule entry C-32 to delete "Graph book, laboratory notebook and drawing book". [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

ii. **Essential commodities etc.** -(Amendment of entry 9A, 51 and 59):

Exemption to the commodities under entries 9A, 51 and 59 was available till the 31<sup>st</sup> March 2015. The said period is further extended upto the 31<sup>st</sup> March 2016. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

iii. **Drugs for treatment of cancer**-(Insertion of entry 12A):

As announced by the Hon. Finance Minister during the Budget Speech for the year 2015-16, drugs, notified by the State Government, for the treatment of cancer would become tax free. A new schedule entry 12A has been inserted in Schedule A. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

The notification, issued by the State Government, would be made available on the Department's website, immediately after it is issued.

**12. Amendments to Schedule C:**

i. **Embroidery thread**-(Amendment of entry 4): Entry 4 has been in existence since 1<sup>st</sup> April 2005. The said entry has undergone some changes since 2005 however, "sewing thread" has always been covered in this entry. There was some confusion as to whether the term, "sewing thread" includes "embroidery thread."

An Explanation has been added in the entry 4 retrospectively from 1<sup>st</sup> April 2005, to clarify that for the purpose of the said entry, "sewing thread" shall include embroidery thread. [Mah. Act No XVII of 2015]

ii. **"Cashew shell"**-(Insertion of entry 17A)-:

From 1<sup>st</sup> April 2015, rate of tax on cashew shell has been reduced from 12.5% to 5% due to the insertion of a new entry 17A in Schedule C. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

iii. **Guide wire for medical purposes**-(Insertion of entry 29A)-:

A guide wire is used for various medical purposes such as implanting of a pacemaker, to position IV catheter, endotracheal tube, central venous line or gastric feeding tube etc. Guide wires are used to maintain access to cavity and also to facilitate the advancement of dilators, stents or other devices. Prior to the 1<sup>st</sup> April 2015, guide wires were taxable at 12.5% as held in the DDQ order u/s 56 dated 4<sup>th</sup> January 2014.

From 1<sup>st</sup> April 2015, guide wire is covered by the newly inserted clause (d) in the Schedule Entry 29A in Schedule 'C' and are taxable at 5%. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

iv. **Paper**-(Substitution of entry 70):

Schedule entry C-70 covered "paper, news print, paper board, waste paper, all types of paper stationary for computer, carbon paper and ammonia paper". The scope of this entry was explained by the Trade Circular No.35T of 2005 and 1T of 2006, which were subsequently withdrawn and a fresh Trade Circular No. 7T of 2010 was issued on 3<sup>rd</sup> February 2010.

Schedule entry C-70 has now been substituted w.e.f. 1<sup>st</sup> April 2015. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015]. State Government has now been empowered to notify the types of paper to be covered by this entry. Accordingly, the State Government has issued a notification no VAT 1515/CR 39(2)/Taxation-1 dated 27<sup>th</sup> March 2015 notifying the types of papers covered by the entry and the applicable Central Excise classification.

v. **Spices**-(Amendment of entry 91):

Schedule entry C-91 has been in existence since 1<sup>st</sup> April 2005 but has undergone some changes. There was some confusion amongst the trade as well as the departmental authorities as to whether spices in all forms, varieties and mixture of any of the spices are covered by the said entry.

Schedule entry C-91, as it existed from 1<sup>st</sup> April 2005 to 31<sup>st</sup> January 2006, covered "spices of all varieties and forms". This entry was amended from 1<sup>st</sup> February 2006 and the phrase, "of all varieties and forms" was removed from the entry. This amendment created confusion as to whether the spices of all varieties and forms are covered by this entry or not.

An Explanation has now been added retrospectively from 1<sup>st</sup> April 2005 to clarify that "spices" shall include spices in all forms, varieties and mixtures of any of the spices. *[Mah. Act No.XVII of 2015]*

vi. **Ladies handbags and ladies purses**-(*Insertion of sub-entry (7A) in entry 107*):

From 1<sup>st</sup> April 2015, the rate of tax on ladies handbags and ladies purses is reduced from 12.5% to 5%. A new sub-entry (7A) has been inserted in Schedule Entry C-107. *[Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015]*.

vii. **Tea**-(*Amendment of sub-entry (1) of entry 108*):

Concessional tax rate of 5% applicable to "tea in leaf or powder form including instant tea" has been extended up to the 31<sup>st</sup> March 2016. *[Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015]*.

viii. **Particle boards**-(*Deletion of sub-entry (3) in entry 108*):

"Wood free plain and pre-laminated particle board covered under Tariff Item 4410 90 10 and 4410 90 90 of Central Excise Tariff Act, 1985 with BIS specification IS 3087 or IS-12823, having logo 'ECOMARK' obtained from BIS" were taxable at 5% during the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2015. Boards, plywoods, not covered by above specification were taxable @ 12.5%.

From 1<sup>st</sup> April 2015, the above described commodities would also be taxable at 12.5% due to deletion of sub-entry (3) in Schedule entry C-108. *[Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015]*.

ix. **LED bulbs**-(*Amendment of entry 111*):

Compact Fluorescent Lamps are taxable at 5% being covered by the Schedule entry C-111.

LED bulbs, which were taxable at 12.5% prior to the 1<sup>st</sup> April 2015 would now be taxable at 5% from 1<sup>st</sup> April 2015, being included in the Schedule entry C-111. [Notification u/s 9(1) No. VAT 1515/Cr 39(1)/Taxation 1 Dated 27<sup>th</sup> March 2015].

**13. White butter-**(Amendment of notification issued under Schedule entry C-54):

State Government has notified, "Industrial Inputs and packing materials" under Schedule entry C-54 by notification no. VAT 1505/CR-234/Taxation 1, dated the 1<sup>st</sup> September 2005. "Desi loni" is covered at serial no. 2 of the said notification.

"White butter" has now been included retrospectively w.e.f. 1<sup>st</sup> September 2005 in the said notification.

In view of this amendment, the tax rate on the sale of "white butter" would be as follows:

| Period                                                        | Tax rate |
|---------------------------------------------------------------|----------|
| 1 <sup>st</sup> April 2005 to 31 <sup>st</sup> August 2005    | 12.5%    |
| 1 <sup>st</sup> September 2005 to 31 <sup>st</sup> March 2010 | 4%       |
| 1 <sup>st</sup> April 2010 to date                            | 5%       |

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

Yours faithfully,



**(Rajiv Jalota)**

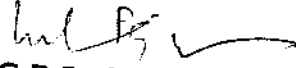
Commissioner of Sales Tax  
Maharashtra State,  
Mumbai.

No.VAT/AMD-2015/1A/3/Adm-8

Trade Cir. 6 T of 2015

Mumbai Dt: 14-05-2015

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



**(G.B.Indurkar)**

Additional Commissioner of Sales Tax,  
(VAT)3, Maharashtra State, Mumbai.