

Maharashtra State Budget for F.Y. 2017-18

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Dear All

The Finance Minister of Maharashtra presented the State budget for 2017-18 on 18th March 2017 in the State Assembly. We have summarized below key indirect tax proposals/changes:-

BUDGET HIGHLIGHTS

(A) General

- 1) Change in budget presentation-Merger of Plan and Non-Plan
- 2) Agriculture Centric Budget.
- 3) Rs. 8233 Crore provision to Water Resource Department.
- 4) Micro Irrigation Project for Yavatmal and Werdha District using Is trail Technology provision Rs. 100 Crore.
- 5) Substantial provision of Rs. 979 Crore to compensate backlog of Agri Pumps and implementation of Infrastructure Plan-2.
- 6) Rs. 200 Crore got Pilot projects of group forming to improve agri production.
- 7) World Bank project of Rs. 400 Crore “Nanaji Deshmukh Krishi Sanjivani” for Marathwada and Vidharbha.
- 8) Government Committed to work to make farmers debt free.
- 9) Training to 1 Lakh Twenty two thousand youths under “Pramod Mahajan Skill Development Programme”.
- 10) Mason training for 10 Thousand masons.
- 11) Rs. 200 Cr. for establishment Sainik School at Chandrapur. Rs. 7000 Cr. for Roads
- 12) First corporate major Port at Vadhavan District Palghar.
- 13) Rs. 525 Cr. for Solar Energy Project.
- 14) Rs. 2,650 Cr. to start Industries in backward areas.
- 15) Rs. 1,870 Cr. to basic facilities in urban area.
- 16) Rs. 1,605 Cr. for Health and Environment programmes in urban area.
- 17) Rs. 7,230 Cr. for Schedule Castes welfare.
- 18) Rs. 6,754 Cr. for Schedule Tribes welfare.
- 19) Rs. 1,884 Cr. for Sanjay Gandhi Yojana.

Maharashtra State Budget for F.Y. 2017-18

- 20) Rs. 200 Cr. each to Annasaheb Patil and other Backward Class Corporation and Rs. 50 Cr. to Shamrao Pege Corporation.
- 21) Rs. 310.57 Cr. for nutrition programme of Anganwadi children.
- 22) Rs. 679.53 Cr. to strengthening of judiciary.
- 23) Establishment of "Mahainfra" Special purpose vehicle for Infrastructure project.
- 24) Establishment of Marathwada Water Grid to beat drought situations.
- 25) Rs. 1100 Cr. for Maharashtra Suwarnjaunti Nagarothan.
- 26) Rs. 1600 Cr. for Smart City. · Rs. 1800 Cr. for Amrut Scheme.
- 27) Rs. 1605 Cr. for Swachh Bharat.
- 28) Rs. 710 Cr. for Mumbai Pune and Nagpur Metros.
- 29) Up-gradation of Cancer Hospital at Aurangabad as State Level Cancer Research Centre.
- 30) Cancer detection machines at 253 health institutes.
- 31) 31 City Scan Machines to be established in selected 31 Hospital.
- 32) To increase the source of Rajeev Gandhi Jeevandayi Helth Meshion as Mahatma Phule Jan Arogya Yojana.
- 33) Laboratory at Shindhudurga for treating Monkey Fever.
- 34) Chain Link Fencing to reduce human-wild animal conflict.
- 35) Rs. 332 Cr. for Minority Department.
- 36) Increase in allocation for Woman's commission.
- 37) Computerization of Public Distribution System.
- 38) Rs. 3 Cr. Every Year for Nirmalwari'
- 39) To start Maharashtra School of Drama of the lives of National School of Drama.

(A) Tax Concessions

- 1) Sugarcane Purchase Tax for the year 2016-17 exempted to give fair and remunerative price to the farmers. The condition regarding export of sugar for exemption for the year 2015-16 is removed.
- 2) VAT exemption to Amsul along with exemption to essential commodities like rice, wheat, pulses and its flour and also turmeric, chillies, tamarind, jaggery, coconut, coriander seeds, fenugreek, parsley (suva), papad, wet dates.
- 3) VAT exemption on Solapuri chaddar and towels continues.
- 4) VAT on Geo Membrane required for farm pond reduced from 6% to 0%.

Maharashtra State Budget for F.Y. 2017-18

- 5) To examine the fertility of soil for farming, VAT on Soil Testing Kit reduced from 13.5% to 0%.
- 6) VAT on Milk Testing Kit for checking adulteration of milk reduced from 13.5% to 0%.
- 7) VAT on Aviation Turbine Fuel for flights under the Regional Connectivity Scheme reduced from 5% to 1%.
- 8) VAT on Card Swipe Machine for cashless transactions reduced from 13.5% to 0%.
- 9) VAT on Gas and Electric Incinerators reduced from 13.5% to 0%.

(B) Tax concessions to Industries

- 1) VAT exemption on Sweet-Corn processing industry from 1st April 2005 to 31st March 2016.
- 2) VAT exemption on Textile Processing industry from 8th April 2011 to 30th April 2012. Approximately 200 units would benefit.
- 3) VAT exemption on Yarn Sizing and Warping industry from 1st April 2005 to 31st March 2016. Approximately 300 units would benefit.

(C) Increase in Taxes

- 1) VAT rate of 23.08% on MRP of country and foreign liquor increases to 25.93%.
- 2) Tax on weekly lottery increases from Rs.70,000 to Rs.1 lakh.

(D) Administrative changes

- 1) Establishment of three new benches of Maharashtra Sales Tax Tribunal.
- 2) VAT appeal 10% part payment necessary subject to maximum payment of Rs.15 cr.
- 3) VAT dues can be recovered from the Directors of private company.
- 4) Profession Tax assessment for unregistered period reduced from eight years to four years.
- 5) Profession Tax responsibility of an agent on the organization appointing the agent.
- 6) Review of fees, fine and court fee amounts under various Acts.

(E) GST

- 1) State is ready for the implementation of GST.
- 2) Compensation under GST on the basis of 14% annual growth rate of revenue for the year 2015-16.
- 3) Compensation under GST to be available for Mumbai's Octroi and Local Body Tax.

DEPTH ANALYSIS ON BUDGET HIGHLIGHTS

1. Creation of GST Council & its decisions

GST will be implemented from 01st July, 2017 so the GST Council taken following important decisions.

- Every tax payer will interact with one tax administration only i.e. either Central's or State's.
- 90 per cent of tax payers having turnover less than rupees 1.50 Cr. will be administered by the State Government and rest 10 per cent. Tax payers by the Central Government.
- Tax payers having turnover in excess of rupees 1.50 Cr. will be divided equally between State and Centre for administration.
- Compensation Bill draft providing compensation to the States after implementation of GST, has been approved.
- For the purpose of computation of compensation, annual growth rate of fourteen percent on the revenue for the year 2015-16 shall be considered.
- Compensation amount shall also include Octroi in Mumbai and the Local Body Tax.
- Generally, burden of Goods and Services Tax, will be the same as the burden of prevailing taxes.
- GST tax rates shall be zero, five, twelve, eighteen and twenty eight per cent.
- Transactions within twelve nautical miles from the coastline will be deemed to be intra-state supplies.

2. Formation of additional benches of Maharashtra Sales Tax Tribunal

In view of the new tax system (GST), early disposal of appeals pending under Maharashtra Value Added Tax Act, necessary and so it is proposed to establish three more benches of the Maharashtra Sales Tax Tribunal

3. Raising of additional resources

Court Fees, Fees for services provided and fines under various Act shall increase.

4. Amendments to the Value Added Tax

- The powers of assessing authority to cancel ex-parte assessment orders are proposed to cancel and only appellate authority can remand back the cases

Maharashtra State Budget for F.Y. 2017-18

- In an appeal, mandatory and fixed part payment of 10 per cent of the disputed tax is to be done subject to Rs. 15 crores, which the appellant can adjust against his dues subsequently.
- The time limit to file appeals under Value Added Tax to the High Court against the decision of the Tribunal is increased from 120 to 180 days.
- To make the process of recovery of dues more effective it is proposed that:
 - a. The dues have the first charge on the property of dealer subject to any central law.
 - b. Charge is created on the date of demand notice.
 - c. If company does not pay then auctioning of assets of the company, if no assets are lying with company then it can be recovered from the assets of directors as the company & directors shall be jointly & severally liable.
- Interest on refund will be granted if refund is not given within 60 days from the date of order.
- State government is empowered to waive interest for late payment of taxes in case of technical problems.
- The State Government is empowered to make a suitable plan for disposal of pending assessments on the basis of certain parameters
- **Exemption and changes in tax rates:**
 - a. It is propose to continue exemption of essential commodities up to the date prior to introduction of GST.
 - b. It is propose to exempt processed sweet-corn for the periods from 1st April 2005 to 31st March 2016.
 - c. It is propose to exempt tax for the period from 8th April 2011 to 30th April 2012 of that textile processor, who have not collected tax from customers or have not paid tax.
 - d. It is propose to exempt yarn warping and sizing industry for the period from 1st April 2005 till 31st March 2016 of the dealers who have not collected tax from customers or have not paid the tax.

e. Tax Rate Change

Sr. no	Particulars	Existing	Proposed
1	Geo membrane	6%	Nil
2	Soil Testing Kit	13.5%	Nil
3	Milk Testing Kit	13.5%	Nil
4	Aviation Turbine Fuel	5%	1%
5	Card Swipe Machine	13.5%	Nil
6	Gas & Electric Incinerators	13.5%	Nil
7	Liquor	23.08%	25.93%
8	Lottery Tax (Weekly Lotteries)	Rs.70,000/-	Rs.100,000/-

5. Amendments to the Profession Tax Act

- The tax liability of a person, who applies late for registration or enrolment, is reduced to four years from eight years.
- It is proposed to assign the responsibility of Profession Tax on the organization which appoints the agent.
- It is proposed to align the interest rate under Profession Tax with interest rate under Value Added Tax. i.e. Slab-wise rate as per below mentioned table.

Sr. No	Period, liable for interest	Rate of interest
1	Up to one month	One and a quarter per cent of the amount of such tax, for the month or for part thereof.
2	Up to 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 percent of the amount of such tax, for each month or for part thereof for delay beyond one month up to 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 up to 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."

- It is proposed that, service providers registered for service tax shall be liable to enroll under profession tax.

6. **Entry Tax Act**

It is proposed that the time limits for assessment of an importer under the Entry Tax Act shall be aligned retrospectively with the provisions under Value Added Tax Act, so that sufficient time becomes available for assessment.

7. **Sugarcane Purchase Tax**

It is propose to exempt tax for year 2015-16 and year 2016-17 to the sugar factories to pay fair and remunerative price to farmers.

Maharashtra State Budget for F.Y. 2017-18

This document has been prepared as a service to the clients. We recommend you seek professional advice before taking advice on specific issues. The State Budget as introduced in the Legislative Assembly may undergo changes before its enactment.

Allow us to tell you more!



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