

Newsletter for the month of May 2010

Important updates in MVAT and CST

1. If there is excess credit (ie refund due) at the end of financial year 2009-10 of less than Rs 1 lac, it can be carried forward to FY 2010-11. However, if dealer has already applied for refund relating other periods of FY 2009-10, then he cannot opt to carry forward. Circular No 15T of 2010 dated April 15, 2010.
2. Due date for VAT audit for financial year 2008-09 was extended upto April 30, 2010. E-filing of audit was to be done on or before April 30, 2010. Accordingly, acknowledgement of its e-filing was to be submitted before May 10, 2010. This date of May 10 was extended upto May 15, 2010 vide Circular No 16T of 2010 dated May 10, 2010.
3. Certain amendments vide Circular No 17T of 2010 (dated May 17, 2010) w.e.f. May 1, 2010. Only amendment in Section 42 (composition scheme) shall be effective from April 1, 2010. Following are the amendments:
 - a. Sec 18: Change in nature of business (trading, manufacture, import etc) to be intimated within 60 days. Similarly, change in bank account (opening of new account, closure of existing account) to be intimated within 60 days.
 - b. Sec 20(4)(b): Dealer to file revised return as per audit observations within 30 days of due of audit.
 - c. Sec 23: Sec 23 relates to assessment. Now, transaction wise assessments may be done. Eg. Only purchases, Sales tax declarations etc.
 - d. Sec 29: Sub sec 6 amended to levy minimum penalty of Rs 1000 for non issuance of tax invoice/ bill/ cash memorandum. Penalty for non compliance of notice increased from Rs 1000 to Rs 5000. Sub sec 11 amended to levy penalty upto 8 eight years from 5 years earlier.
 - e. Sec 42: Composition scheme for developers introduced. Detailed scheme is yet to come.
 - f. Sec 51: It relates to refunds. Dept can now reduce the amount of refund where sales tax declarations (C form, F form, H form etc) are not available and where the party from whom goods purchased has not paid the taxes. This aims to expedite refund claims where data tallies.
 - g. **Sec 61:** Audit limit from financial year 2010-11 increased to Rs 60 lacs. Further, every PSI dealer is now required to get his books audited irrespective of turnover.
 - h. Sec 85: Interest u/s 30(2) and 30(4), Intimation u/s 63(7), orders passed by Jt Commissioner u/s 35(1) and 35(2) have been made non-appealable.
 - i. **Sec 86: It is now mandatory to mention TIN of purchasing dealer. If not mentioned, purchasing dealer shall not get set off.**
 - j. Rate of tax on HDPE Fabric Vermi Compost Bed (an agricultural implement) included in Sch Entry A-4 wef May 1, 2010. Therefore rate of tax - Nil.
 - k. Solar lanterns included in entry A-56 and therefore exempt wef May 1, 2010.
 - l. Sabudana Chivda, Khandvi and Chana Chur included in entry C-94(b) and therefore tax on these is 5% wef May 1, 2010.
 - m. **Sarki pend (ie Cotton seed oil cake) included in entry A-4. So exempt wef May 1, 2010.**
 - n. Camphor and Dhoop including loban included in entry A-55. So exempt wef May 1, 2010
 - o. A new entry A-57 added to include Katha (Catechu). So exempt wef May 1, 2010. Earlier it was in entry C-44.



- p. A new entry A-58 added to include Handmade Laundry Soap manufactured by the Units certified by State Khadi and Village Board (excluding detergents). So exempt wef May 1, 2010.
 - q. Hair pins shifted from C-51 to B-4. Therefore tax rate 1% wef May 1, 2010.
 - r. A new entry C-115 added to include Vehicles operated on Battery or Solar Power. So tax rate 5% wef May 1, 2010. Earlier, it was 12.5%.
4. Circular 18T of 2010 dated May 18, 2010 brought following changes. These amendments are effective from May 1, 2010.
 - a. Rule 17(4) amended to provided additional period of 10 days for payment of taxes for dealers filing six monthly returns. Grace period of 10 days continues for e-filing. This facility applicable from September 2010 half yearly returns.
 - b. Newly registered dealers to file quarterly returns instead of half yearly returns till now.
 - c. Rule 55A added to allow part refund. Modalities not yet provided.
 5. Notification No 1510/ CR 63/ Taxation 1 dated May 26, 2010: New entry A-59 added to include Rasins and Currants sold during the period from June 1, 2010 to May 31, 2012. So exempt during this period. Earlier, it was in entry C-108.
 6. Notification No 1510/ CR 64/ Taxation 1 dated May 26, 2010: Electronic payment for dealers filing monthly returns is made mandatory wef June 1, 2010. Even if payment relates to earlier period, the dealer has to make e-payment of the same.

Important updates in Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975

1. Provision of business audit on the lines of Section 22 under MVAT Act introduced in PT also.
2. Electronic payment and filing of returns introduced in PT.
3. The above two points to be applicable from May 1, 2010. Separate circular to be issued to elaborate above two points.

Important updates in Maharashtra State Tax on Luxuries Act, 1987

1. Limit of Rs 200 per accommodation per day raised to Rs 750 for payment of Luxuries Tax. From Rs 750 to Rs 1200, rate of tax shall be 4% and above Rs 1200, tax shall be 10%. This shall be effective from May 1, 2010.
2. Electronic payment and filing of returns to be introduced in Luxuries Act also.

Important updates in Income-tax Act

1. Circular No 41/ 2010 dt 31-05-2010 relating TDS –
From April 1, 2010, TDS returns to be filed within 15th from end of quarter. For quarter ending March 31, 2010, within 15th May 2010. TDS certificates to be issued within 15 days from filing of e-TDS return.
Salary TDS certificates to be issued annually and non-salary on quarterly basis.
Govt officers paying by book entry are required to file monthly returns in Form 24G.

Disclaimer:

All efforts have been made to ensure completeness of data. However, readers are advised to confirm from their own sources also. Further, interpretations given above are our personal opinions at M/s Umesh Agrawal and Associates. We are not responsible for any loss arising due to the above information.

