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## NEWSLETTER FOR THE MONTH OF JULY 2013 (RELEASE DATE: AUG 19, 2013)

### Important updates in MVAT and CST

1. Circular No. 21T of 2012 dt 26-Nov-2012: Clarifies certain matters related to assessment order passed u/s 23(11).
2. Circular No. 22T of 2012 dt 26-Nov-2012: Goods for which Form C is sought should be included in the registration certificate of the purchasing dealer. Benefit of lower tax can be given as per provisions of Sec 8(3)(b) of CST Act. Some clarifications regarding these matters are given in this circular.
3. Circular No. 1T of 2013 dt 4-Jan-2013: Penalty for non filing of audit reports by developers shall not be levied for the years 2006-07 to 2011-12 if audit reports are filed upto Jan 15, 2013. Conditions for the same are explained in this circular.
4. Circular No. 2T of 2013 dt 15-Jan-2013: Last date of submission of documents in case of VAT audit is Jan 28, 2013.
5. Cir No 3T of 2013 dt 10-6-2013: Schedules to MVAT act amended wef Apr 1, 2013. The changes are as below:
  - a. Amendments to Schedule A:
    - i. Rice bran included in entry A-4 and its earlier entry C-49 deleted. So, it is taxfree now.
    - ii. Tax on goods covered by entry A-9A extended from Mar 31, 2013 to Mar 31, 2014. These goods include paddy, rice, wheat and pulses; flours of these goods, atta, maida, rava and suji and mixed flours of cereals and pulses.
    - iii. Hand pumps used for pumping water and its spares were taxable at 5% under entry C-42. New entry A-27A added to include hand pumps used for pumping water. So, it is taxfree now. Entry C-42 deleted. So, its spares have now become taxable at 12.5% if they otherwise do not fall in any of the entries.
    - iv. Scope of entry A-36 expanded. Judicial, non judicial stamp papers, court fee stamps sold by govt or by govt authorized agents taxfree under entry A-36. Further, postal stamps, envelopes etc included in this entry.
    - v. Entry A-45A containing unmanufactured tobacco (other than when sold in packaging under a brand name) deleted. It is now taxable at 12.5%.
    - vi. Tax on goods covered by entry A-51 extended from Mar 31, 2013 to Mar 31, 2014. These goods include papad, gur, chillies, turmeric and tamarind, solapuri chaddars, towels and wet dates etc.
    - vii. Tax on goods covered by entry A-59 extended from May 31, 2013 to Mar 31, 2014. These goods include raisins and currants.
    - viii. Entry A-62 added to include water meters **sold to local bodies**. It will be tax free.
  - b. Amendments to Schedule B:
    - i. Rate on articles made of precious metals as per Sch entry B-1 increase from 1 to 1.10% for the period from Apr 1, 2013 to Mar 31, 2014. It now excludes industrial goods and tools covered under entry A-53A.
    - ii. Rate on goods covered by entry B-2 and B-3 also increased from 1 to 1.10% for the period from Apr 1, 2013 to Mar 31, 2014.



- iii. New entry B-3A introduced to include diamonds. Rate of tax shall be 1.10% for the period from Apr 1, 2013 to Mar 31, 2014. From Apr 1, 2014, rate on diamond shall be 1%.
- c. Amendments to Schedule C:
- i. Entry C-3 that included all types of bricks amended to exclude paver blocks. So paver blocks shall be taxable at 12.5%.
  - ii. Bidi excluded from entry C-12. It will now be taxable at 12.5%. Bidi leaves continue in entry C-12 at 5%.
  - iii. Entry C-29 amended to exclude drugs capable of being used as cosmetics or shampoos. Those would be taxable at 12.5%.
  - iv. Entry C-31A added to include excavators that are not required to registered under Motor Vehicles Act.
  - v. Entry C-42 containing hand pumps, parts and fittings deleted. Refer to amendments to Sch A above.
  - vi. Entry C-49 containing rice bran deleted. Refer to amendments to Sch A above.
  - vii. Entry C-53A added to include industrial goods and tools made of precious metals.
  - viii. Clause (g) of sub entry 11 of entry 107 deleted. As a result, powders, tables, cubes (including coffee powder) etc from which non-alcoholic beverages are prepared shall now be taxable at 12.5%.
  - ix. Entry C-108 containing tea in leaf or powder form including instant tea extended till Mar 31, 2014.
- d. Amendments to Schedule D:
- i. Entry D-12 amended. Tobacco, manufactured tobacco and products thereof (excluding Bidi, unmanufactured tobacco whether sold under a brand name or not and cigar and cigarettes) shall be taxable at 20%.
  - ii. Entry D-14 added. Cigar and cigarettes will be taxable at 25%.
- e. Other amendments:
- i. Braille watches shall be tax free from Apr 1, 2013.
  - ii. Automated Implantable Cardiac Defibrillators (AICD) included in entry C-107.
  - iii. Composition scheme for second had motor vehicles amended to include tractors.
  - iv. Industrial fabrics and varieties of textile and textile articles etc covered under chapter 5901, 5902 and 5903 included in entry C-101.
  - v. CST on furnishing cloth (notified under entry C-101) has been exempted.
6. Cir No 4T of 2013 dt 26-6-2013: L.A. Bill No. XI of 2013 dt April 5, 2013 passed by both houses and Act No VIII of 2013 is now published in official gazette. Important amendments in MVAT are as below:
- i. All amendments shall be effective May 1, 2013, except amendment in Sch entry A-34 (milk) which is effective Apr 1, 2013.
  - ii. Amdt in Sec 20(4) – clauses (b) and (c): Revised return as per VAT audit or as per intimation received from department **may** be filed **for the entire year**. Earlier, all returns of the year were required to be revised. However, in case of OMS purchases, respective returns would have also to be revised to issue correct statutory forms.



- iii. Amdt in Sec 20(6): There is compulsory late of Rs 5000 in case of late filing of return. Proviso added to state that Govt may issue notification to waive or reduce such late fee for specified dealers either prospectively or retrospectively.
  - iv. Amdt in Sec 23(1): In case of Best judgement assessment where returns are not filed by dealer, if returns are filed by dealer for that period, then order passed shall stand automatically cancelled. Some relief to the dealers.
  - v. Minor amdt: Section 32A inserted: Demand notice against tax and interest due and accepted as per VAT audit report can now be issued by department and it shall have to be paid within 30 days of notice by department. Simple interest as per Sec 30(2) shall be applicable. The dues of less than Rs 100 shall not be recovered.
  - vi. Amdt in Sec 41(5): Power to levy first point taxation on wine (as in case of liquor) given to Govt. However, it will be applicable when separate notification is issued to give effect to the same.
  - vii. Major amdt in Sec 50: **Refund upto Rs 5 lacs may be carried forward** to the subsequent year. This is applicable from FY 2012-13. It means refund upto Rs 5 lacs for March 2013 may be carried forward to FY 2013-14.
  - viii. Amdt in Sec 51(3)(a)(iii): Mega units holding identification certificate issued under PSI 2001 or PSI 2007 have been included to be eligible to claim refund immediately after filing of periodic returns. They need not wait till end of financial year.
  - ix. **Clause (vi) added to Sec 51(3)(a)**: Dealers selling goods in the course of inter-state trade (more than 50% of total turnover should be interstate) are now eligible to claim refund immediately after filing of periodic returns. They need not wait till end of financial year.
  - x. Amdt in Sec 82: Company secretary also authorized to appear before sales tax authorities.
  - xi. **Correction in Entry A-34**: it is clarified that milk fat, milk powder, solid non fat are not included in this entry right from beginning (ie Apr 1, 2005).
7. Cir No 5T of 2013 dt 24-7-2013: In case late filing or non filing of returns, there is provision for prosecution. In such cases compounding of offence is provided u/s 78. Compounding amounts of Rs 5000/ 15000/ 25000 are provided for six monthly/ quarterly/ monthly return filers respectively, subject to maximum of double the tax amount. Additional commissioner of Sales tax may enhance or reduce the given amount of compounding fee.

#### Income tax:

1. Noti No 34 dt May 1, 2013: Audit reports u/s 44AB, 92E and 115JB of IT Act to filed electronically.
2. Noti No 42 dt June 11, 2013: ITR 7 is also made paperless. Soon, we may expect e-filing of the same. Audit reports u/s 10(23C), 10A or 12A have to be filed electronically.

#### Service tax:

1. Order No 3/ 2013-ST dt Apr 24, 2013: Due date for filing service tax return for second half of financial year 2012-13 (ie for the period from Oct 1, 2012 to Mar 13, 2013) extended to Aug 31, 2013. Return forms have been released and are available on website.



Companies Act:

1. MCA vide its circular no 39/2012 dt Dec 12, 2012 allowed companies to file their financials in XBRL mode upto Jan 15, 2013 or within 30 days of their AGM, whichever is later.

Others:

1. Last date for acceptance of non truncated cheques extended upto March 31, 2013.

*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.*

