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Maharashtra Budget 2014-15 - Key indirect tax proposals/changes

Tax Knowledge Management

Dear All

The Finance Minister of Maharashtra presented the state budget for 2014-15 on 5 June 2014 in the State assembly. We have summarised below key indirect tax proposals/changes.

Administrative amendments

- To ensure and augment effective tax collection of sales tax, State Excise and the Transport Departments, some of the Border Check Posts shall be made operational with online facilities. Specific rules shall be published for implementation of the same whereby incoming and outgoing details needs to be uploaded.

Legislative amendments

- If the declaration forms 'C' and 'F' are not collected within two years from the end of the assessment year, the full differential tax will be payable at the time of filing appeal against an assessment order and no stay shall be granted beyond two years from the end of the assessment year. Stay granted earlier shall stand vacated on completion of two years from the end of the

assessment year. This will apply to appeals filed from 1 July 2014.

- Application to cancel ex-parte order will have to be disposed-off within three months by the assessing authorities, failing which the said assessment will deem to be cancelled after three months from the end of the month in which application is received.

- The period of one month allowed for filing of audit report beyond due date due to circumstances beyond control of dealer is proposed to be deleted.

- Where the differential tax liability which arises on account of audit or investigation proceedings or on non-production of declarations, is less than 10 per cent of the tax paid with returns, additional 25 per cent interest under Section 30(4) shall not be payable.

- Reduction of late fee for Value Added Tax (VAT) return from INR5000 to INR2000 for delay up to one month. For a delay beyond one month, the late fee of rupees five thousand will be applicable. All pending returns on 1 April 2014 can be filed along with payment of full tax and interest by paying late fee of rupees one thousand only.

- Turnover limit for registration under VAT increased from INR0.5 million to INR1 million from the year 2013-14. Dealers whose turnover in the previous year was below INR1 million can apply for cancellation of registration certificate up to 30 September 2014.

- Turnover limit for filing of VAT audit report increased from INR6 million to INR10 million including liquor dealers.

Rate amendments/exemptions

Reduction in tax rates/fees

- Tax rate on cotton reduced from 5 per cent to 2 per cent.

- Inter-state sales of notified capital goods to department of Central or State Government liable to tax at 5 per cent instead of 12.5 per cent.

Exemptions

- Sales/Lease of copyrights of cinematographic films for theatrical exhibition exempted from VAT for the period 1 April 2005 to 30

April 2011. Such transactions were earlier exempt from 1 May 2011 onwards.

- Aeroplane spares exempted from VAT.

Others

- Maximum Stamp duty payable on instruments executed relating to deposit of tittle deeds, pawn, pledge or hypothecation shall be INR1 million.

- Tax on Luxury as under:

Particulars	Tax per cent
Tariff upto INR1000 (earlier exemption upto INR750)	Nil
Tariff upto INR1500	4 per cent
Tariff exceeding INR1500	10 per cent

- The basic salary exemption limit for liability under Profession Tax Act increased from INR5000 to INR7500.

- Exemption from Luxury tax for hotels in 'B' & 'C' zone under the Tourism Policy, 2006

Please note that these amendments are based on the Budget Highlights (formal Notifications/Circulars are awaited).

We hope you will find this summary informative and useful.

Regards

Tax Knowledge Management Team

KPMG, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi,
Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3090 2210

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