

Hon'ble Speaker Sir,

I present part II of the Budget before this august house.

**A review
of Sales Tax
Collection.**

1. In the previous year the Indian economy could not achieve the expected growth due to various factors. In this backdrop, it is a matter of satisfaction that the Sales Tax Department is expected to exceed revised target of Rs. 61,557Crore.

**Moderni-
sation of
Computer
system of
Sales Tax
Department.**

2. Automation of Sales Tax Department has been done to make tax collection efficient. The same is proposed to be updated to achieve greater efficiency in tax administration.

Due to automation,extensive information is now available in electronic form. Economic Intelligence Unit of Sales Tax Department is analysing this data. This has helped in augumenting revenue and curbing tax evasion.

Cyber Forensic Lab is also established in the Sales Tax Department to detect manipulations or tampering in books of account maintained on computers. I am confident that the above measures taken by the Sales Tax Department will be effective in reducing tax evasion.

Extensive information about tax evaders is now available with the Sales Tax Department and stringent action against tax evaders will continue in future.

**Amend-
ments to
MVAT Act.**

3. I propose some amendments to Maharashtra Value Added Tax Act.

Instead of revising all the returns in the given year as per respective periodicity, it is now proposed to allow dealers to file single revised return for entire year if any discrepancy

is pointed out in the audit by the Accountant or in the business audit conducted by the Sales Tax Department.

It is proposed to simplify the procedure for cancellation of uni-lateral assessment order after the return defaulter has filed return.

It is also proposed to introduce first point tax on wine as in case of liquor. Further technical amendments to section 2 and section 61, amendment to enable appearance of Company Secretary before the Sales Tax Authority in Sales Tax Proceedings and amendment not to recover sales tax dues upto Rs. 100 in a financial year are also proposed.

It is proposed to enable Government to waive partly or wholly the late fee, in specific contingencies, for a class of dealers who could not file returns in time due to the specified circumstances.

It is also proposed to recover by directly serving a demand notice, for additional tax liability pointed out by the Chartered Accountant or Cost Accountant in the audit report of the dealer and which is accepted by the dealer.

**Simplify-
ing refunds
under MVAT
Act.**

4. Under the VAT system the lower rate of Central Sales Tax results in large number of dealers being eligible for refunds. It is necessary that these refunds are disbursed speedily. Hence, for the convenience of dealers, it is proposed to allow adjustment of refund claim upto rupees five lakh in the subsequent year.

The admissible part refund as per applications, shall be granted within three months of the due date for filing of Audit Report in Form-704, after preliminary verification.

Amendment is proposed to section 51 enabling early grant of refund to Mega projects eligible for Industrial Promotion Subsidy and to dealers whose turnover of inter-State sales in previous year is in excess of fifty per cent. of his total turnover.

Honorable Speaker Sir, I now present the tax proposals before this august house.

Enhance-
ment in tax
on tobacco
and tobacco
products.

5. Tobacco and tobacco products are injurious to health and it is necessary to curb their consumption. Considering this, State has banned the sale of gutkha. To further restrain the consumption of other tobacco products, I propose to increase the rate of tax on cigarette from 20 per cent. to 25 per cent. and the tax rate on bidi from 5 per cent. to 12.5 per cent. Tobacco sold in small packets under brand name is taxed at the rate of 12.5 per cent. However, other unmanufactured tobacco is tax free. I propose to tax all unmanufactured tobacco at 12.5 percent.

Tax on
industrial
fabric.

6. In the previous budget furnishing cloth was taxed to five per cent. at the last point of sale. This year also, instead of levying the tax on all types of textiles, I propose to levy 5 per cent. tax on textiles for industrial use.

Increase
in tax rate on
powder,
tablets and
cubes for
preparing
non-alco-
holic bever-
ages.

7. Certain powder, cubes and tablets from which non-alcoholic beverages are prepared are liable to tax at 5 per cent. I propose to enhance tax rate on these goods to 12.5 per cent.

Industrial
goods and
tools of gold,
silver and
other pre-
cious metal
to be taxed
at higher
rate.

8. The rate of tax on gold, silver and other precious metal is one per cent. Some industrial goods and tools are also taxed at one per cent. under this entry. From this entry, industrial goods and tools are being excluded and it is proposed to tax these goods at a rate of five per cent.

Increase
in tax on the
paver blocks.

9. Paver blocks are taxed at five per cent. Most of the goods used for road construction are taxed at the rate of 12.5 per cent. I, therefore, propose to increase the rate of tax on paver blocks to 12.5 per cent.

All cos-
metics and
shampoos to
be taxed at
higher rate.

10. General rate of tax on cosmetics and shampoos is 12.5 per cent. However, certain cosmetics and shampoos are sold as medicine and hence are taxed at five per cent. I propose to increase the tax rate on these to 12.5 per cent.

No set-off
on Passen-
ger Vehicles
to leasing
companies.

11. Under the provisions of Maharashtra Value Added Tax Rules, purchase of passenger vehicles are not eligible for set-off. However, if a Leasing Company purchases the passenger vehicles and leases them, they are entitled for full set-off. I declare that such set-off shall not be available in future.

Tax
measures for
drought
relief.

12. This year, some parts in the State are facing severe drought conditions. Drought relief would require huge funds. As a temporary measure, I propose to tax gold, silver, diamond, precious metal and their jewellery at a rate of 1.10 per cent. instead of one per cent.

Sugarcane farming is water intensive. Considering this, I propose to increase Sugarcane Purchase Tax from present three per cent to five per cent. and increase Sugarcane Purchase Tax collection from fifty paise per kilogram to one rupee per kilogram.

Both these tax proposals shall be applicable for one year only.

Increase
in tax on
Lottery.

13. In last few years there has been a substantial increase in lottery business. However, there has been no increase in taxes on lottery. Henceforth, tax on weekly lottery will be sixty thousand rupees.

Tax on fortnightly lottery scheme or any lottery scheme between a week and a fortnight will be one lakh twenty five thousand rupees.

Tax on monthly lottery scheme or any lottery scheme of any duration exceeding fortnight will be two lakh fifty thousand Rupees.

Tax on bumper lottery scheme will be twelve lakh Rupees.

To
recover
proper
stamp duty
from finan-
cial institu-
tions.

14. Proper stamp duty is not paid on certain instruments executed in favour of or by financial institutions, Banks, Non-banking finance companies, which create any right in favour of such financial institutions. Therefore, Bombay Stamp Act, is being amended. If a financial institution is one of the party to instrument or right is created in favour of a financial institution, liability to pay proper stamp duty shall be on the financial institution concerned, without affecting their right, if any, to collect it from the other party.

The financial institutions shall, in respect of any existing instrument effective on the date of commencement of this amendment and where proper stamp duty is not paid, impound the instrument on or before 30th September 2013 and forward it to the Collector for further processing. However, if the proper stamp duty is paid before 30th September 2013, then impounding of instrument is not necessary. In case of instruments where neither proper stamp duty is paid nor they are impounded on or before 30th September 2013, then the concerned financial institution will be liable to pay a penalty equal to stamp duty payable on the instrument.

15. In determining the amount of stamp duty payable on instruments chargeable with more than hundred rupees, any fraction of hundred rupees equal to or exceeding fifty rupees shall be rounded off to the next hundred rupees and fractions of less than fifty rupees shall be disregarded.

16. If proper stamp duty is paid on a registered agreement to sell, treating it as a deemed conveyance and subsequently a conveyance deed is executed without any modification then such a conveyance shall be treated as supplementary document under section 4 and a duty of Rs. 100/- only shall be charged. Article 25 will be amended accordingly.

If agreement to sale is registered by paying proper stamp duty by treating it as deemed conveyance, then conveyance deed will be charged with Rs. 100/- stamp duty.

Rationalization of different stamp duty rates of leave and license agreements, applicable in different areas. **17.** In determining the amount of stamp duty payable on instruments of leave and license, different rates of duty is charged in different areas and for different amounts. To simplify this, a uniform stamp duty at 0.25 per cent on sum of rent payable for the period of agreement and the amount of non-refundable deposit and interest calculated at the rate of 10 per cent. per annum on the refundable deposit will be charged throughout the State.

Changes in rate of excise duty on country liquor, I.M.F.L. and strong beer. **18.** I propose to change the structure of State Excise Duty on country liquor, I.M.F.L. and strong beer.
The minimum rate of excise duty on Country Liquor is Rs. 95/- per proof litre. The minimum new rate of excise duty will be Rs. 110/- per proof litre.

The minimum rate of excise duty on Indian Made Foreign Liquor is Rs. 240/- per proof litre. The minimum new rate of excise duty will be Rs. 300/- per proof litre.

The rate of excise duty on fermented strong beer is Rs. 42/- per bulk litre or 175 per cent. of manufacturing cost whichever is higher. The new rate of excise duty will be Rs. 60/- per bulk litre or 200 per cent. of the manufacturing cost, whichever is higher.

Increase in export fee of Indian made foreign liquor. **19.** It is proposed to increase the rate of export fee on Indian made Foreign Liquor exported to other States excluding supply to Canteen Store Departments.

The export fee on Indian Made Foreign Liquor having maximum retail price of less than Rs. 500/- is Re.1/- per bulk litre. It will now be increased to Rs. 3/- per bulk litre.

The export fee on Indian Made Foreign Liquor having maximum retail price of Rs. 500/- or more is Rs. 5/- per bulk litre. It will now be increased Rs. 10/- per bulk litre.

Hon'ble Speaker Sir, I now present some proposals for tax concession.

Tax exemption on essential goods, currants and raisins. **20.** Some essential goods such as rice, wheat, pulses and their flour, turmeric, chillies, tamarind, jaggery, coconut, coriander seeds, fenugreek, parsley (Suva), Papad, wet dates, Solapuri Chaddars and Towels are exempted from tax upto 31st March 2013. The said concession shall continue till 31st March 2014. Currants and raisins will continue to be exempt till 31st March 2014.

The lower rate of 5 per cent. tax on tea will also continue till 31st March 2014.

No tax on milk. **21.** Milk sold for daily use is tax free. However, if some ingredients are added to it, then it attracts tax at the rate of 5 per cent. To maintain the quality of milk as per the prescribed standards, sometimes, milk powder, SNF or fats are added to it. However, due to some judicial pronouncements, if above ingredients are added to the milk, the same becomes taxable at five per cent. This was never the intention. Therefore, I propose to exempt from tax such milk from 1st April 2005.

Exemption to Braille watches and vehicles for handicapped. **22.** Braille watches for blind and certain vehicles for handicapped are taxed at the rate of 12.5 per cent. I declare to exempt these watches and certain vehicles for handicapped person.

Exemption to rice bran. **23.** State has large area under paddy cultivation which is predominantly rainfed. Rice bran is generated as a by-product while converting paddy into rice. Rice is tax free. I propose to exempt tax on sale of rice bran also.

Water meters and hand pumps to be exempt. **24.** Local bodies are installing water meters to promote efficient water use. I propose to exempt the sale of water meters sold to local bodies.

In rural areas hand pumps are used to pump up water from borewell. Tax on such hand pumps will be exempted.

Reduction in rate of tax of AICD heart Implant. **25.** I propose to reduce the tax on AICD Heart Implant from 12.5 per cent to 5 per cent.

Exemption to judicial and non-judicial stamps and philatelic material. **26.** It is clarified that sale of non-judicial and judicial stamp paper and court fee stamps will be exempt from tax when sold by Government Authorised Vendors.

Many students have a hobby of collecting stamps, envelopes and first day covers. To encourage this hobby, I propose to exempt tax on all Philatelic goods.

Inter-State sale of furnishing fabric to be exempt. **27.** Furnishing fabric is taxable at a rate of five per cent. at last point of sale. Due to this, inter-State sales without "C" form is taxable at the rate of 5 per cent. It is apprehension of trade that business in large scale may shift to other States due to this levy. Therefore, I declare to completely exempt inter-State sale of furnishing fabrics.

Reduction in rate of tax on certain excavators. **28.** Excavators are taxed at the rate of 12.5 per cent. Most of the times, the purchaser of these goods are not eligible for declarations in Form C. In many States, tax on excavators is at the rate of five per cent. This adversely affects the manufacturers in the State. I, therefore, propose to reduce the rate of tax from 12.5 per cent. to 5 per cent. on excavators which are not liable for registration as a motor vehicle.

Composition scheme for used tractors. **29.** There is a composition scheme for sale of second hand motor vehicle. I propose to add the tractors to this scheme.

Hon. Speaker Sir,

I have proposed some temporary tax measures to provide relief in this year's severe drought conditions. In addition, considering the development needs of the State, I have also proposed additional taxes to some extent.

These tax proposals will result in net revenue gain of Rs. 1150 Crore.

I hope, my above proposal will find acceptance in this august house.

Jai Hind ! Jai Maharashtra ! !