

INDIRECT TAXES UPDATE – 154

VALUE ADDED TAX

CHHATTISGARH VAT:

Amendments made in Chhattisgarh Value Added Tax Rules, 2006 to be effective from 01.04.2016

Following Rules have been amended vide *Notification No.F-10-17/2016/CT/V (28) dated 31st March, 2016* in Chhattisgarh Value Added Tax Rules, 2006 effective from 01.04.2016:

Rule 22 (Revised Returns)

A new clause has been inserted to provide that the statement which is required to be furnished with the return may be revised within 1 month from the last date of filing of such return.

A new Form 18 has to be filled along with the existing Form 17 for filing of the said revised return.

Rule 35 (Payment of Tax with returns)

Tax Amount	Earlier Provision	Proposed Provision
Less than Rs. 50000 per quarter or Rs. 2 lakhs per annum	Pay 100% tax amount quarterly within 30 days of expiry of the quarter	Pay minimum 90% of quarterly tax payable within 15 days of expiry of the quarter and pay balance tax within 30 days of expiry of the quarter.
Rs. 50000 to Rs. 25 lakhs per quarter or Rs. 2 lakhs to Rs. 1 crore per annum	Pay on or before the 10th of the 2nd and 3rd month respectively, of every quarter, an amount specified in Rule 35 & the balance amount of tax due for a quarter shall be paid on or before the date prescribed for furnishing for such return.	Pay on or before the 10th of the 2nd and 3rd month respectively, of every quarter, an amount specified in Rule 35 & pay 90% of balance amount due for a quarter within 15 days of expiry of the quarter and pay the remaining balance amount of tax within 30 days
Rs. 25 lakhs and above per quarter or Rs. 1 crore and above per annum		

of expiry of the quarter.

A new **Rule 77A (Compounding of Offences)** has been inserted providing that:

- The applicants shall make an application for compounding of offence to the prescribed authority and shall produce the proof of deposit of tax amount along with the application.
- The authority shall pass an order within 3 months from the date of receipt of the application. Further order of rejection of application shall be passed only after giving an opportunity of being heard to the applicant.
- Order for compounding an offence shall be in writing specifying the offence committed, quantum of money to be deposited. Order served on the dealer shall be final i.e. not appealable.
- The dealer shall deposit the balance amount payable within 30 days of receipt of order. However, if payment of tax is not made within stipulated time then the order shall be treated as ineffective and void.

[\[Notification F-10-17/2016/CT/V \(28\) dated 31st March, 2016\]](#)

Comments: To give effect to the budget proposals the following amendments have been made in the Chhattisgarh Value Added Tax Rules, 2006

- a. An option has been provided to revise the statement filed along with the returns within 1 month from date of filing such statement*
- b. To ease the burden on dealers, a staggered system of payment of taxes have been adopted*
- c. A new scheme has been introduced to compound offences with a view to reduce prolonged litigation and to increase / garner revenue.*

[Exemption for works contract has been extended from 31.03.2016 to 31.03.2017](#)

The Chhattisgarh Government has extended the already existing exemption (as follows) in respect of works contracts till 31.03.2017:

Class of Person	Extent of Exemption	Condition for Exemption
Registered dealers under taking works contracts involving supply of goods	The amount to be deducted by a person letting out works contracts towards the tax payable shall be at the rate of composition if it is less than 2%.	The dealer has to obtain permission to make payment in lump sum by way of composition against the payable tax.

[\[Notification No.F-10-18/2016/CT/V \(30\) dated 31st March, 2016\]](#)

Comments: To alleviate the difficulties of certain class of dealers the Government by this notification has

extended the date of exemption in case of tax deducted at source by registered dealers letting out works contract involving supply of goods.

JAMMU & KASHMIR VAT

Exemption period extended for hotels, lodges & guest houses upto 30.06.2016

The Jammu & Kashmir Government has extended the exemption from payment of tax by hotels, lodges and guest houses providing lodging facilities from 31.03.2016 to 30.06.2016.

[\[Notification No. SRO 109 dated 31st March, 2016\]](#)

Comments: No tax was imposed on hotel industry till date and benefit of the same has been extended.

Extension in date for remission of tax from 31.03.2016 to 30.06.2016

The Jammu & Kashmir Government has extended the date for remission of tax from 31.03.2016 to 30.06.2016 i.e. remission of tax will be available to small, medium and large scale industrial units upto 30.06.2016 or till the State adopts the GST Act, whichever is earlier after fulfilling the conditions specified in Notification No. SRO 91, dated 16th March, 2006.

[\[Notification No. SRO 110, dated 31st March, 2016\]](#)

Comments: To strengthen the manufacturing sector in J&K- the remission scheme has been extended, i.e buyer of the manufacturer continue to avail credit however manufacturer does not collect & deposit taxes.

Online filing of returns along with payment from 1st quarter of 2016-17 onwards

It has now been provided under J&K Value Added Tax Act, 2005 to file online returns along with payment from 1st quarter 2016-17 and onwards by the registered dealers having gross annual turnover of Rs. 20 lakhs & above.

The above provision has also been provided in Jammu & Kashmir General Sales Tax Act, 1962 vide [Notification No. 02 of 2016, dated 31st March, 2016.](#)

[\[Notification No. 03 of 2016, dated 31st March, 2016\]](#)

Comments: To make the system transparent, efficient & more effective and dealer friendly the Government has introduced online system of filing of return, payment. This facility has also been adopted keeping in view the impending passage of the GST Act.

UTTARAKHAND VAT

Annual Return for FY 2014-15 can be filed upto 30.06.2016 without late fees

The Uttarakhand Government vide *Notification No. 257/2016/19(120)/XXVII(8)/2012 dated 30th March, 2016* has provided that annual return for FY 2014-15 may be filed upto 30.06.2016 without payment of any late fees. It may be noted that the due date for filing of the annual return for the year 2014-15 was 31.12.2015.

[*Notification No. 257/2016/19(120)/XXVII(8)/2012 dated 30th March, 2016*]

Comments: Keeping in view the floods which affected the State and the destruction caused by it, the Government to alleviate the difficulties faced by the dealers has issued this notification to grant adequate time for filing the annual return.

PUNJAB VAT

Issuance of provisional registration number immediately on receipt of registration application by Punjab Bureau of Investment Promotion

A proviso has been inserted under Rule 3(1) providing that the Punjab Bureau of Investment Promotion on receipt of a registration application shall immediately issue a provisional registration number & send the application to the concerned designated officer for further enquiry. The designated officer after being satisfied shall issue the registration certificate (RC) & send the same to the Bureau for handing over the same & the permanent TIN to the applicant within 7 days from the date of his application.

[*Notification No. G.S.R.28/P.A.8/2005/S.70/Amd.(58)/2016 dated 31st March, 2016*]

Comments: A facility for granting provisional registration number is introduced to ensure that the dealer's business need not suffer due to the time gap between the submission of registration application & the date of grant of Registration Certificate and TIN.

GUJARAT VAT

Amendment made in Gujarat Value Added Tax Act, 2003

Section 7 (Levy of tax on turnover of sales and rates of tax) has been amended by *Gujarat Act No. 6 of 2016* effective from 01.04.2016 which provides that the State Government has been authorised to add to or omit from or amend or modify Schedule III so as to levy tax on the basis of price, weight, volume, measurement or unit, or reduce or enhance the tax rate in

respect of any goods specified in Schedule III. Hitherto, the State Government had the power to reduce the tax rate, omit or amend any entry in Schedule III but was not authorised to enhance the tax rate.

[Gujarat Act No. 6 of 2016]

Comments: To grant more powers to the State Government to amend the entries, rate of tax, method of taxation with reference to the Schedule III to the GVAT Act, 2003, Section 7 has been amended.

BIHAR VAT

Amendments made in Bihar Value Added Tax Act, 2005

Following amendments have been made by Bihar Act 4, 2016:

Section 3A (Surcharge)

The rate of surcharge has been increased from 20% to 30% i.e. every dealer liable to pay tax shall also pay a surcharge on the goods specified in Schedule IV at a rate not exceeding 30% of the total amount of tax payable by him.

Section 14 (Rate of Tax)

Tax at the rate of 14.5% (earlier 13.5%) shall be payable on the sale price of the goods not specified in the Schedules I, II, III and IV.

Section 70 (Interest on delayed refunds)

The time period of 90 days has been reduced to 60 days.

- When the amount of refund is not refunded or the refund application is not rejected within 60 days, then simple interest @ 6% p.a. or part thereof shall be paid to the dealer calculated from the date immediately following the expiry of 60 days to the date of the refund. If the delay in granting refund within 60 days is attributable to the applicant then such period of delay shall be excluded from the period for which interest is payable.
- When the amount becomes refundable by virtue of an order of the Tribunal/ High Court/ Supreme Court then interest shall be payable from the date immediately following the expiry of 60 days from the date of receipt of order by the officer to the date of refund.

[Bihar Act 4, 2016]

Comments: To give effect to the budget proposals, the following amendments have been made in the Bihar VAT Act, 2005

a. To increase prices and thereby reduce consumption of sin goods and petroleum products, the rate of

surcharge has been increased from 20% to 30%.

- b. Keeping in mind the ambitious development programs visualized by the Chief Minister, the rate of tax on unscheduled goods have been increased to 14.5% from 13.5%.
- c. To ensure speedy refunds and to mitigate the difficulties faced by dealers, the Government has reduced the number of days for which no interest shall be payable on refunds.

KARNATAKA VAT

Amendments made in Karnataka Value added Tax, 2003

Following amendments have been made by *Karnataka act No. 06 of 2016* effective from 01.04.2016:

Section 10 (Output tax, input tax and net tax)

A sub-section has been inserted stating that input tax deducted by a registered dealer to calculate net tax payable shall be provisional in the case of a dealer who fails to furnish or furnishes incorrect and incomplete particulars in a return. However the jurisdictional authority shall assess net tax by disallowing input tax claimed and shall also issue a demand notice.

Further, where an assessment has been made and the dealer subsequently furnishes correct or complete return then the jurisdictional authority shall withdraw the assessment order. However, the dealer shall still be liable to pay penalty.

Section 31 (Accounts)

A proviso has been inserted to provide that dealers who are required to get their books of accounts audited (i.e. if total turnover exceeds Rs. 100 lakhs in a year) shall submit a copy of audited statement of accounts electronically through the website notified by the Commissioner.

Section 38 (Assessment of Tax)

The prescribed authority may now make an assessment on a registered dealer to the best of his judgement where the return furnished is incorrect or incomplete and shall also advise the dealer to pay the tax assessed within 10 days from the date of service of such assessment order on the dealer.

Section 72 (Penalties relating to returns and assessment)

Sub-section (2A) has been inserted to provide that a dealer who has furnished a revised return which understates his tax liability or overstates the claim for tax credit by more than 5% of his actual then he liable to a penalty equal to 10% of the amount of such tax under or overstated only after he has been given the opportunity of showing cause in writing against penalty imposed.

Sub-section (3B) has been inserted to provide that a dealer who fails to submit a copy of the audited statement of accounts and documents as informed in the notice issued to him shall be liable to a penalty of Rs. 50 for each day of such default.

[Karnataka act No. 06 of 2016]

Comments: To give effect to the proposals made in the budget the following amendments have been to the KVAT Act, 2003.

- a. The allowance of input tax credit has now been linked with the returns to ensure that correct returns are filed by the dealers*
- b. Similarly the section relating to returns have been amended to provide for best judgment assessment in case the returns filed by the dealer is incorrect or incomplete*

MAHRASHTRA VAT

Amendment in Rules of Maharashtra Value Added Tax Rules, 2005

Following Rules have been amended vide *Notification No. VAT. 1516/C.R. 53/Taxation-1. dated 1st April, 2016* which is in force from 01.04.2016:

Rule 52B (Set-off in respect of certain goods)

If the claimant dealer has purchased mobile phone or cellular handset i.e. telephones for cellular network or for other wireless network then he shall be entitled to claim set-off only to the extent of aggregate of the taxes paid or payable under CST Act, 1956 on the inter-state resale of the corresponding goods and the taxes paid on the purchases of said goods if they are resold locally. Earlier the above provision was only for goods covered under entries 13 and 14 of schedule 'D'.

Rule 53 (Reduction in set-off)

Sub-rule (11) has been inserted providing that the claimant dealer who is engaged in the business of transferring the right to use of passenger motor vehicles for any purpose can claim set-off of tax paid on motor vehicles purchased only to the extent of tax payable on such transfer of right to use. Further, the set off shall be claimed in the period in which such right to use has been transferred.

Rule 54 (Non-admissibility of set-off)

As per the old law no set-off shall be admissible for purchases of passenger motor vehicles which are treated as capital assets and parts, components and accessories thereof. Now it has been clarified that the above provision shall not apply to the claimant dealer who is engaged in the business of transferring the right to use in the said vehicles for any purpose.

[Notification No. VAT. 1516/C.R. 53/Taxation-1. dated 1st April, 2016]

RAJASTHAN VAT

Amendments made in amnesty scheme

Following amendments have been made by the Rajasthan Government vide Notification No. F.12(11)FD/Tax/2016-259 dated 30th March, 2016 in amnesty scheme:

- Earlier this Scheme was effective upto 31.03.2016 but now the date has been extended upto 31.05.2016.
- An application for rectification in respect of any demand which is pending before the assessing authority shall be disposed of within 7 days of submission of AS-I or upto 31.05.2016 (earlier it was 31.03.2016), whichever is earlier.
- For availing the benefit of amnesty scheme, an application in Form AS-I has to be submitted to assessing authority upto 31.05.2016 (earlier 3.03.2016) along with the details of tax payment/ penalty/ interest and proof of withdrawal of case if any.

[Notification No. F.12(11)FD/Tax/2016-259 dated 30th March, 2016]

Comments: This notification has been issued to extend the last date for those opting to remit taxes under the amnesty scheme.

Source: *Respective State Commercial Taxes Website*

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