

Speaker Sir,

I now present Part II of the Budget before the House.

1. Tax revenue of the State, as per revised estimates, for the year 2018-19 was expected to be rupees One Lakh Eighty Eight Thousand Nine Hundred and Thirty One Crores. The State has collected tax revenue of rupees One Lakh Eighty Seven Thousand Five Hundred and Forty One Crores.

**Goods  
and  
Services  
Tax.**

2. Goods and Services Tax System, implemented by consensus in the country, would soon complete its two years. This tax, based on the concept of “One Nation One Tax”, has removed the barriers between the States. As the GST system stabilizes, trade and industry is realising it’s benefits. Continuous efforts are being made to facilitate business in the GST regime for the purpose of “Ease of Doing Business”. The tax base of Maharashtra has broadened after the implementation of GST with the increase in number of registered taxpayers from Seven Lakh Seventy Five Thousand to Fifteen Lakh Fifty Thousand.

**Maharashtra  
Settlement  
of Arrears  
of Tax,  
Interest,  
Penalty or  
Late Fee  
Ordinance,  
2019.**

3. The Hon’ble members of this August House are aware that in the Interim Budget Speech presented in the month of February 2019 an Amnesty Scheme was announced to liquidate the arrears under the Value Added Tax Act and various other Acts administered by the State Tax Department. This Scheme aims at speedy recovery of the outstanding dues and fast tracking of the disposal of appeals pending at different stages. To give effect to this

announcement, His Excellency Hon'ble Governor of Maharashtra has promulgated the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019 on 6th March 2019. Accordingly the Scheme is being implemented presently.

Under the aforesaid Scheme till 17th June 2019, Fifteen Thousand Six Hundred and Fifty applications are received. The revenue receipts on this account are at about rupees Seven Hundred and Fifty Crores. As expected, there is an overwhelming response to the Scheme.

For the effective and better implementation of the Scheme, certain amendments to the said Ordinance are necessary. Accordingly, I propose some amendments to the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Ordinance, 2019. These are as under :—

- To get benefits under the Amnesty Scheme, the applicant, is required to make the payment of requisite amount, which is sum of the amount of undisputed tax paid in full, and certain percentage of the disputed tax, interest, penalty and late fee, as given in the Annexure-A and Annexure-B, appended to the Ordinance. On payment of the requisite amount, the applicant is entitled for certain percentage of waiver in disputed tax, interest, penalty and late fee.

- I am happy to announce before this August House that the time limit to avail the benefits under the Scheme is proposed to be extended by a month so that maximum number of taxpayers can avail the benefits. Due to this extension, tax payers will get sufficient time to submit applications and make the payment under the Amnesty

Scheme. Accordingly, the First Phase will end on 31st July 2019 whereas the Second Phase will end on 31st August 2019. The arrears as per statutory orders passed and returns or the revised returns filed on or before 16th August 2019 shall also be eligible for settlement Scheme.

- The existing provisions of the Ordinance provides that any amount paid on or before 31st March 2019 in pursuance of the statutory order is to be first adjusted against the tax and then towards the interest, penalty or late fee, sequentially. However, it is necessary, to bring clarity as to whether said tax amount is to be first adjusted against the undisputed tax or the disputed tax.

- In view of the above, an amendment is proposed to determine the ratio between the amount of undisputed tax and the amount of disputed tax so demanded as per the statutory order. To arrive at balance amount eligible for settlement, the amount paid till 31st March 2019 shall be reduced from the total tax outstanding and after such reduction, the ratio as aforesaid shall be applied to determine the undisputed tax and disputed tax that is eligible for settlement.

- Appeal provisions under the Value Added Tax Act provide that on account of the demand raised under the Central Sales Tax Act, 1956 towards non-receipt of declarations / certificates for admission of appeal, the appellant is required to make the payment of the 100 percent of tax amount in respect of such non-receipt of declarations / certificates. In view of the said appeal provisions, the amount paid till 31st March 2019 will be adjusted towards tax liability raised due to non-receipt of such declarations / certificates. In this scenario the applicant, who desires to settle the demand raised on aforesaid grounds shall be entitled to get the benefits only in respect of interest and penalty.

Also, in the cases, where an appeal is partly withdrawn in respect of certain issues and continued in respect of other issues, then appropriation of such amount paid on or before 31st March 2019, shall be done as per amendment proposed in the preceding paragraph.

- Amnesty Scheme is also applicable for the arrears under the Entry Tax Act, 1987. The amendment is proposed to provide that the applicant, who has taken the benefits under the provision of the Ordinance, in respect of the arrears outstanding under the Act or arrears as per any statutory order, then, such applicant, shall not be entitled to claim set-off under the Maharashtra Value Added Tax Rules, 2005 or, as the case may be, under Bombay Sales Tax Act, 1959, of any amount paid on or before or after 31st March 2019, in appeal or otherwise. This amendment is being proposed to remove the ambiguity in the said provision.

- The existing provision of the Ordinance provides that the applicant on payment of requisite amount is entitled for the waiver of the balance amount of arrears in respect of disputed tax, interest, penalty and late fee. In case the amount paid as requisite amount is less than the required amount, then the applicant gets the proportionate benefits. An amendment is proposed to bring clarity, that in the eventuality as aforesaid, such amount, shall first be adjusted against the undisputed tax in full and remaining amount, if any, shall then be adjusted proportionately towards the disputed tax, interest, penalty or late fee. The benefits in this behalf shall be determined proportionately.

- The Ordinance also provides the settlement of self-assessed amount of tax, interest, late fee or the penalty imposable under the Relevant Act. For this purpose, a technical amendment is proposed to the Annexure-A and

Annexure-B appended to the Ordinance. I also propose a technical amendment to clause (c) of sub-section (1) of section 2 of the Ordinance.

- Clause (q) of sub-section (1) of section 2 of the Ordinance defines the undisputed tax. Sub-clause (vi) of the said clause is proposed to be amended. As a result of proposed amendment, instead of tax, interest or late fee being treated as undisputed, now only tax is proposed to be treated as undisputed. This amendment will enable a large number of taxpayers to avail the benefits of Settlement Scheme.

- The amendments proposed as aforesaid in the Settlement Ordinance shall be effective retrospectively from 1st April 2019.

4. Speaker Sir, I am proposing some changes in the Tax Laws as a part of the “Ease of Doing Business” initiatives of our Government.

### **Amendments in Tax Laws**

#### ➤ **Profession Tax Act :—**

- All professionals, holding enrolment certificate are liable to pay profession tax every year in advance upto 30th June of the said year. As many of these enrolled persons also have employees, they are required to file periodic returns under the Profession Tax Act. Periodicity of such returns is dependent on their yearly tax liability and hence compliances are required frequently. Considering all these aspects, and in accordance with “Ease of Doing Business” policy, I propose that all enrolment certificate holders shall be allowed to pay profession tax upto the end of the respective year. I am sure that by this proposal all the professionals shall get relief. This amendment shall be applicable from 2019-20 onwards.

- As per the existing provisions, if any professional obtains enrollment certificate late, then penalty at rupees 2 per day can be imposed. Penalty can be unjust in such cases. Therefore, I propose to delete this provision regarding penalty for default in obtaining enrollment certificate. However, as discipline is necessary in tax compliance, I propose, in such cases, to charge fixed interest at the rate of 1.25% per month or part thereof.

➤ **Maharashtra Value Added Tax Act :—**

- As per the prevailing practice in the State Tax Department, the dealers are assessed either transaction-wise or comprehensively. Some dealers claim refund in their returns but at the same time data analysis undertaken by the Department, shows that there could be tax liability in respect of some transactions of such dealers. Very often, to avoid the production of all the books of accounts by dealers, such cases are selected for transaction-wise assessments, considering the tax liability, which also saves time of dealers. It is proposed to make changes in the VAT law so that the refund, claimed in returns or as mentioned in audit report in Form-704, can be considered even in cases, which are selected for transaction-wise assessments. Such returns or audit reports in Form-704 should have been filed upto 31st March 2019. Due to this proposal, the dealers, whose claim of refund in returns or as mentioned in audit report in Form-704 is more than the revenue risk determined by the assessing authority, can be granted remaining refund, after adjustment of dues. At the same time, demand shall be raised for the net tax liability from the dealers, whose refund claim in returns or as mentioned in audit report in Form-704 is less than the tax liability determined by the assessing officer. The

grant of the said refund shall be subject to such conditions, restrictions and safeguards, as may be prescribed. I am proposing this amendment from 1st April 2005, so that the amended provision becomes applicable even for pending appeals.

- Dealers, whose turnover is more than rupees one crore, are required to get their accounts audited by a auditor and file an audit report in Form-704 with the department. As the honourable members of this August House are aware that on the introduction of GST, only six commodities are liable to VAT from 1st July 2017. Due to taxation at first stage on some goods, the tax liability of many dealers is very less or even nil, even though their annual turnover is more than rupees one crore. Considering these aspects, I propose that the VAT dealers, whose turnover in a year is above rupees one crore but tax liability in that year does not exceed rupees twenty five thousand, need not get their accounts audited by a auditor and need not file audit report in Form-704. This amendment shall be applicable from 2019-20 onwards. I am sure that this proposal would spare the compliance cost of most of the VAT dealers.

5. I hope that honourable members of this August House will support the proposals.

**Jai Hind ! Jai Maharashtra !!**