Navi Mumbai Cess

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Back Ground

1. A NEW CONCEPT : The term 'Octroi' needs no introduction as almost everybody in our country is familiar with it. Octroi has been and is still a main source of revenue for most of the urban bodies in India. There has. however, been a persistent demand from a large section of the trading community across the county to abolish it due to certain inherent shortcomings of this system. First of all it is an obsolete method of tax collection. Secondly it involves stoppage of vehicles at the check posts outside the City limits, thereby obstructing a free flow of vehicular traffic. After an in-depth study by various Committees appointed with a view to finding a viable alternative, the Government of Maharashtra decided to try a novel account based system of levy of Cess in lieu of 'Octroi'. The Navi Mumbai Municipal Corporation was chosen consciously for the introduction of this system because of the existence of a large industrial belt and an organised trade and industry in Navi Mumbai. Another important contributory factor was that the area of this Corporation was hitherto an Octroi-free zone and, therefore, not being a case of switch over from an established system to a new one, the implementation thereof was expected to be without hiccups.

2. WHEN WAS IT INTRODUCED ?
The Navi Mumbai Municipal Corporation (NMMC) has introduced in its area, an account based system of levy of Cess in lieu of Octroi, with effect from 1st day of June, 1996.

3. WHAT IS CESS ?
Cess is nothing but Octroi under different nomenclature.
4. HOW IS IT DIFFERENT FROM OCTROI ?
In the new system there are no check posts i.e. 'Nakas' for collection of tax and, therefore, it involves no stoppage of vehicles. A 'dealer' liable to pay cess, on the basis of his exceeding the prescribed limit of the turnover either of all his sales or all purchases effected during a financial year is required to got himself registered with the Corporation.

Dealers

5. WHO IS LIABLE TO PAY CESS ?
Under the provisions of the Bombay Provincial Municipal Corporations Act, 1949(Amended) and the Bombay Provincial Municipal Corporations [Cess on Entry of Goods] Rules, 1996, liability to pay cess has been cast upon a 'dealer'.

6. WHO IS A 'DEALER' ?
The term 'dealer' has been defined under Clause (16 A) of Section 2 of the Act. The definition is very wide. Besides the normal meaning of the term 'dealer' all types of agents, auctioneers, Central Government or any State Government, a society, club or association of persons have specifically been included in the definition of the said term.

Under an Explanation to the definition of the term 'dealer' the following have also been deemed to be dealers. Port Trust, Municipal Corporations, Municipal Councils, Zilla Parishads and other Local authorities, Railway Administration, Shipping, Transport and Construction Companies, Air Transport Companies and Airlines, Transporters holding permit for transport, Maharashtra State Road Transport Corporation, Customs Department,

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Insurance and Financial Corporations or Companies and Banking Companies, Advertising agencies and any other Corporation, Company, Body or Authority owned or set up by or subject to the administrative control of the Central Government or any State Government.

7. Exceptions - Only the following exceptions have been made therefrom.
i)Any individual who imports goods for his exclusive consumption or use and a department of State or Central Government not engaged in business.
ii)An agriculturist who sells exclusively agricultural produce grown on land cultivated by him personally.

When Levied

8. WHAT IS THE TAXABLE EVENT ? OR WHEN IS THIS LEVY ATTRACTED ?
Cess, like Octroi, is an entry tax in nature i.e. it is leviable on entry of goods into the area of this Corporation for the purpose of consumption, use or sale therein.

9. WHAT IS THE LIMIT OF TURNOVER FOR REGISTRATION?
A 'dealer' is liable to pay cess if the turnover, either of all his sales or of all his purchases made during a financial year, exceeds the following limits.

Type of dealer	**Limit of turnover**
A. **"Importer"** [i.e. a dealer who brings goods or causes them to be brought, into the area of the Corporation]	Rs. 75000/- including i] import of goods the value of not less -than Rs.5000/-. ii] purchases of taxable goods of the value of not less than Rs.5000/-
B. **'Others'** [i.e. dealers who are effecting purchases from the dealers within the area of the Corporation]	Rs.125000/- including purchases of taxable goods of the value of not less than Rs.5000/-

Registration

9. IS REGISTRATION MANDATORY ?
Yes, the new system of levy of cess being account based, registration of the dealers who exceed the prescribed limit of turnover of all sales or of all purchases made during a financial year, has been made mandatory.

10. REGISTRATION - HOW DO WE GO ABOUT IT ?
A dealer liable to pay cess is required to apply for registration in form 'A', to the registering authority of his area, within thirty days from the date on which the turnover has so exceeded.

11 IS ANY REGISTRATION FEES BEING CHANGED ?
Yes, a registration fee of Rs.100/- is required to be paid at the time of registration.

12 WHAT ARE THE CONSEQUENCES OF NOT APPLYING FOR REGISTRATION ?
If a dealer liable to pay cess fails to apply for registration within the prescribed time, as required under the provisions of the Act / Rules, he is liable to a penalty of a sum not exceeding ten times the amount of cess due during the unregistered period [Rule 41 (2) (a)] or for prosecution for commission of that offence.

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14. WHAT IS THE PERIODICITY OF RETURN AND WHEN IS THE RETURN TO BE FILED ?
Under the provisions of rule 24 all the registered dealers were required to submit a return for each calendar month on or before the 10th day of the month following the month to which such return related.
From 1st day of July, 1997, (the Commissioner, in exercise of the powers vested in him under sub-rule (2) of rule 24) has classified the dealers into the following three categories and different dates have been prescribed for each one of them, as shown below :-

Sr.No.	A dealer whose annual tax liability for the previous financial year is	Periodicity of return applicable	Return to be submitted on or before -
1	upto Rs.5000/-	Annual	the 10th day of April following the last day of the financial year, [e.g. For 1999-2000 on or before 10.04.2000]
2	Rs.5001/-to Rs. 19999/-	Quarterly for the first three quarters. Monthly from Jan.	QE June 10th July QE Sept 10th Oct. QE Dec 10th Jan Jan 10th Feb Feb 10th Mar Mar l0thAprl.
3	Rs.20000/-and above	Monthly	15th day of the month following the month to which such return relates, [e.g. July 99 on or before 15th Aug. 1999]

15. WHEN IS CESS REQUIRED TO BE PAID ?
Cess is required to be paid on or before the date prescribed for the submission of a return as shown above.

Where is Cess to be paid

16. WHERE IS THE AMOUNT OF CESS TO BE PAID ?
For payment of cess accounts have been opened in the following banks, in the branches mentioned against them.

Sr.No	Bank	Branch & Telephone	A/C No.
1	State Bank of India	Rabale Br. 7694338	5049
2	Vijaya Bank	K.Khairne Br. 7542480 VashiBr. 7667102	157 995
3	Indian Bank	VashiBr. 7651219	207
4	Bank of Maharashtra	Vashi Br. 7825775 Nerul Br. 7701933	800 485
5	Syndicate Bank	TurbheBr. 7682216	1425
6	Bank of India	C.B.D. Br. 7570573	5071
7	Bank of Baroda	Turbhe Br. 7668069	1891

17. WHAT ARE THE CONSEQUENCES OF DELAYED PAYMENT ?
If a registered dealer or an unregistered dealer who is required by the Commissioner to submit returns, fails to pay, on or before the date prescribed for submission of return, a sum @2% per month for the first twelve months of delay and @3% per month thereafter, during

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the continuation of such a default, is payable by way of simple interest, in addition to the amount of cess due.

If, at the time of assessment, an additional amount of cess is found to be due, interest @ 2% per month is payable for the delay upto the date of assessment.

18. IS CESS PAYABLE ON ALL GOODS ?
No, cess is not payable on all the goods. The goods have been classified into tax-free and taxable goods as under :-

TAX FREE GOODS :- The commodities which are free from levy of cess are enumerated in Schedule 'B'. In this schedule there are in all 40 Commodities. Some of the commodities in the list are, books & periodicals, fresh fruits and vegetables, flowers, salt, poultry, eggs and flesh of poultry, water, mineral, Life saving drugs, distilled water, medicines, sports goods, insecticides, kerosene, etc.
All the commodities not mentioned in this schedule attract cess.

TAXABLE GOODS :- Cess is payable in respect of the goods enumerated in schedule 'A' appended to the BPMC Act. 1949 [Amended].
In this schedule there are 60 specific items. All other taxable items not mentioned specifically in Item No.l to 60 automatically get covered under the residuary item i.e. item No. 61.

Cess Rate

19. WHAT IS THE RATE OF CESS ?
Rate of Cess to be levied during a financial year in respect of each taxable commodity is required to be decided by the Corporation on or before the 20th day of February of the preceding financial year. A ceiling has been specified for each commodity in the schedule itself and the rates are required to be fixed subject to the said ceiling.

The current rates of Cess are as under :-

Sr.No	**Goods**	**Rate**
1	Agricultural Produce	@ 0.2% ad-valorem.
2	Wines Spirit and Beer	@ 2.0% ad-valorem.
3	All other taxable goods	@ 1.0% ad-valorem.