8th floor, Vikrikar Bhavan,
Mazgaon, Mumbai-400 010.

TRADE CIRCULAR

To
....
....

No.DC(A & R)/VAT/2005/Noti/138/Adm-6 Mumbai, dt. 31.03.2010.
Trade Cir. No. 14T of 2010

Sub: Changes in rate of tax.
Amendment to the Schedules under the Maharashtra Value Added Tax Act, 2002.

Ref: **1) Notification issued by the Finance Department No. VAT/1510/ CR- 47/Taxation-I dt. 10th March, 2010.**
2) Notification issued by the Finance Department No VAT. 1509/CR-156/ Taxation-1 dt. 30st March, 2010.

Gentlemen/Sir/Madam,

Background

While presenting the budget for the year 2010-11, Hon. Finance Minister announced that the exemption granted to some essential commodities up to 31-3-2010 would be extended till 31-3-2011 or till the date of implementation of Goods and Services Tax, whichever is earlier. In pursuance of the announcement made by Hon. FM, the Govt. has issued a notification referred as above on 30-3-2010.

2. ***Extension of exemption and concessional rate of tax:*** Commodities, which are currently tax-free, would continue to be tax-free even after 1st April 2010. Commodities, covered by Schedule entry A- 9A and A- 51 were tax free up to 31st March 2010.These commodities would continue to be tax free even after 1st April 2010 till 31st March 2011 or till the date Goods and Services Tax Law is implemented in the State (whichever is earlier). Extension of exemption is granted to the following commodities:

a) Schedule entry A- 9A Commodities:

(i) Paddy, rice, wheat and pulses in whole grain, split or broken form;
(ii) The flour of wheat and rice including atta, maida, rawa and suji whether sold singly or in mixed form.

(iii) The flour of pulses including besan when sold singly and not mixed with flour of other pulses or cereals.

b) Schedule entry A- 51 commodities:

i) Papad except when served for consumption,

ii) Gur,

iii) Chillies, turmeric and tamarind whole, powdered or separated but excluding Chilly seed and tamarind seed when sold in separated form;

iv) Coriander seeds, Fenugreek and Parsley(Suva) whole or powdered;

v) Coconut in shell and separated kernel of coconut, other than copra;

vi) Solapuri chaddars

vii) Towels;

viii) Wet dates

3. Extention of concessional rate of tax.

(i) Raisins and currants

Concessional rate of tax on raisins and currants under schedule entry C- 108 (1)(a) would continue even after 31-3-2010 till 31-3-2011 or till the date of implementation of GST(Whichever is earlier). However, by notification dated 10th March 2010, the general rate of tax for Schedule 'C' goods, except declared goods has been increased to 5% and hence raisin and currants would be taxed @ 5%

ii) ***Tea in leaf or powder form (including instant tea)***

Concessional rate of tax applicable to tea in leaf or powder form (including instant tea) *covered by entry C 108(1)(b))* would be available even after 1st April 2010 till 31st March 2011 or till the date GST is implemented in the State (Whichever is earlier). However, by notification dated 10th March 2010, the general rate of tax for Schedule 'C' goods has been increased to 5% and hence tea would be taxed @ 5%.

iii) Aviation Turbine Fuel (ATF)(Duty paid) covered by Schedule entry D-11:

ATF, (Duty paid), when sold within Maharashtra excluding the geographical limits of Brihan Mumbai Corporation and Pune District was liable to tax @ 4% up to 31-3-2010. This concessional rate of 4% tax is extended till 31-3-2011 or till the GST is implemented in the State (whichever is earlier).

4.***No extension of concession to timber and dry fruits (other than raisin and currants):***

(a) Sale of timber, covered by C-108 (2) was subject to tax @ 4 % up to 31-3-2010. This concession has not been extended further and hence timber would be taxable

@ 12.5% wef 1st April 2010.

(b) Dry fruits were taxable @ 4% up to 31-3-2010. However, w.e.f. 1st April 2010, dry fruits, other than raisins and currants, would be subjected to tax @12.5% being covered by the residuary entry.

5. This circular cannot be made use of for legal interpretation of provisions of law, as it is clarificatory in nature. If any dealer has any doubts in the matter, then he may refer the issue this office for further clarification.

6. You are requested to bring the contents of this circular to the notice of members of your Association.

Yours faithfully,

(SANJAY BHATIA)
Commissioner of Sales Tax,
Maharashtra State, Mumbai.

No.DC(A & R)/VAT/2005/Noti/138/Adm-6 Mumbai, dt. 31.03.2010.
Trade Cir. No. 14T of 2010

1. Copy forwarded to:
   a. All the Addl. Commissioners of Sales Tax, in the State.
   b. All the Joint Commissioners of Sales Tax in the State.
   c. All the Sr. Dy. Commissioners of Sales Tax in the State.
   d. All the Dy. Commissioners of Sales Tax in the State.
   e. All the Asstt. Commissioners of Sales Tax in the State.
   f. All the Sales Tax Officers in the State.

2. Copy forwarded with compliments for information to:
   a. Deputy Secretary, Finance Department, Mantralaya, Mumbai.
   b. Under Secretary, Finance Department, Mantralaya, Mumbai.
   c. The Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.

3. Copy to all Desks and Desk Officers in the office of the Commissioner of Sales Tax Maharashtra State, Mumbai.