

ALL INDIA VALUE ADDED TAX

STATE-WISE BUDGET HIGHLIGHTS - 2013-14



A) MAHARASHTRA

1. Changes in VAT rates

Commodity	Existing	Proposed
Gold, Silver & their jewellery	1%	1.10%
Textile for industrial use	0%	5%
Sugarcane Purchase Tax	3%	5%
Powder, Cubes & Tablets from which Non Alcoholic Beverages are prepared	5%	12.5%
Bidi	5%	12.5%
Cigarettes	20%	25%

- To allow dealers to file single revised return instead of multiple returns 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.
- To recover, by directly serving a demand notice, additional tax liability pointed out by the Chartered Accountant or Cost Accountant in the audit report accepted by the dealer.
- To allow adjustment of refund claim upto Rs. 5 lakh in the subsequent year; the admissible part of refund as per applications shall be granted within three months of the due date for filing of Audit Report.
- To enable 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 50% of their total turnover.
- No set-off of input tax paid on purchases of passenger vehicles used for the purpose of leasing by a leasing company.
- Provision for impounding of the existing instrument where the concerned financial institutions where proper stamp duty is not paid upto 30th September 2013. Penal

Country Liquor - From Rs 95 per proof litre to Rs 110 per proof litre

Indian Made Foreign Liquor - From Rs 240 per proof litre to Rs 300 per proof litre

Fragmented strong beer - From Rs 42 per bulk litre or 175% of manufacturing cost whichever is higher to Rs 60 per bulk litre or 200% per cent of the manufacturing cost whichever is higher.

Indian Made Foreign Liquor - Increase in export fee having maximum

retail price less than Rs 500 to Rs 3 per bulk litre from Re 1 per bulk litre. Export fee on IMFL having maximum retail price of Rs 500 or more to increase from Rs 5 per bulk litre to Rs 10 per bulk litre.

B) GOA

- To raise the rate of WCT TDS from 2% to 5%
- Provision to streamline refund process (by amending Section 9)
- To amend the Net Present Value Compulsory Payment Scheme to introduce the Restrictive Tax Invoices which are pre-authenticated by the units under deferment
- To introduce provisions of remission of interest and penalty not exceeding 50% of the amount involved for payment of VAT by the defaulters
- To raise the limitation period of passing order for Revision/Review from 3 years to 5 years by the Commissioner
- To amend the provisions where appeal shall be admitted by the Administrative Tribunal only after 50% payment of the disputed dues
- To reduce the penalty to Rs. 500 from Rs. 1000 for non-filing of returns.
- Failure to file 3 consecutive quarterly returns would result in automatic cancellation of registration certificate.
- Authority to the Commissioner for levying spot penalty of Rs.1000/- on each incident where sales bills are not issued by the dealers, non-maintenance of proper books of accounts and stock details.
- Introduction of one-time settlement scheme, where the dealer will have to pay 50% of the disputed amount and withdraw the appeals so filed. This scheme will be announced in April, 2013 and those who file application within a period of three months will be considered for the benefit on case-to-case basis. Cases involving non-payment of tax will not be covered.
- To introduce a unique scheme for foreign tourists, visiting Goa, who will be entitled for refund of VAT paid against purchases made in the state of Goa.
- Reduction in VAT rate on Aviation Turbine Fuel (ATF) from 12.5% to 5%
- To levy a tax on consideration received or receivable by the builder or developer by way of agreement to sale the flats or housing project or dwelling units or row houses and the like (where agreement value is Rs. 10 lakhs or more), which are under construction or development. Rate of tax as under:

Value between Rs. 10 lakhs to Rs.100 lakhs -1% of the agreement value
Value exceeding Rs. 100 lakhs - 2% of the agreement value

14. To levy VAT & Entry Tax on empty glass bottles at the rate of 12.5% which are used for beer and other like products.
15. To reduce the rates of VAT as well as Entry Tax from 15% to 12.5% on luxury cars costing above Rs. 15 lakhs and two wheelers costing above Rs. 2.5 lakhs
16. To levy VAT on Lubricating Oil at the rate of 15% and to exempt its subsequent sales thereof, subject to certain conditions to be notified

C) KARNATAKA

a. Goods & Service Tax (GST)

1. Urge to the Government of India for the following:
 - To ensure that the compensation package provided and the final Revenue Neutral Rate fixed for the State would not compromise our high tax effort
 - GST Council should be empowered to recommend floor rates of GST within a band giving certain fiscal autonomy to States to raise additional resources

a. Value Added Tax (VAT)

1. Increased peak VAT rates from 5% to 5.50% and 14% to 14.50% for a period of one year from August 2012 to August 2013, this rate to be reduced from August, 2013 to the earlier levels as per notification issued.
2. Reduction of VAT rates on certain products as under:

Commodity	Existing	Proposed
Areca nut dehusking machine	14.5%	5.5%
Cocoa Husk	14.5%	5.5%
Domestic containers	14.5%	5.5%
Refractory Monolithic Powder	14.5%	5.5%

3. Payment required to be made by the dealers for filing appeals against orders demanding tax in excess of the amounts declared by them and for obtaining stay for its recovery to be reduced from 50% to 30% of disputed amount.
4. Time limit for payment of additional tax demanded on assessment and reassessments to be increased from ten days to thirty days.
5. Threshold limit for registration under the Entry Tax Act from Rs. 2 lakhs to Rs. 5 lakhs to bring it at par with the threshold under the VAT Act.
6. It is proposed to provide for filing of an appeal even against best judgement assessment order under Profession Tax Act.

D) GUJARAT

1. To increase the total turnover-limit for applicability of provisions for payment of lump-sum tax from Rs. 50 lakhs to Rs. 75 lakhs.
2. To revise rates of certain commodities as tabulated below:

Commodity	Schedule entry reference	Existing Rate (incl. Additional tax)	Proposed Rate
Micro irrigation system equipments	II - 1	5%	Exempt
Educational items for study of students	II - 56	5%	Exempt
Newar made of plastic		5%	Exempt
Agarbatti dust	II - 87	15%	Exempt
Carbon credit – change of schedule entry from II-87 to	II - 41	15%	5%
Cigarette made from tobacco	II – 76A	25%	30%

3. To levy tax on the sale of second hand (used) two wheelers second hand (used) medium and heavy duty commercial vehicles as under:
 - Second hand two wheelers - 1% (subject to maximum Rs. 500)
 - Second hand medium and heavy duty commercial vehicles - 1% (subject to maximum Rs. 5,000) made by a registered dealer.
4. To allow payment of lump-sum entertainment tax under the provisions of the Gujarat Entertainment Tax Act, 1977 only to videos houses fulfilling the following conditions:
 - (i) The rate of entry into the place of entertainment shall not be more than Rs.30/- per person.
 - (ii) Entertainment (showing of films) can be provided using any kind of technology.
 - (iii) The maximum number of seats in the entertainment place shall not be more than 125.
 - (iv) There shall not be more than one screen in the premises.
5. To allow payment of lump-sum entertainment tax under the provisions of the Gujarat Entertainment Tax Act, 1977 only to videos houses fulfilling the following conditions:

E) WEST BENGAL

1. Changes in VAT rates:-

Particulars	Existing	Proposed
Lower VAT rate	4%	5%
Upper VAT rate	13.5%	14.5%
VAT rate on Tobacco	20%	25%

2. Introduction of system assigning a 'Sahara Star Status' to dealers on the simple basis of the degree of accuracy of their refund claims submitted in the earlier periods
3. To restrict the assessment process only in very specific cases like defaulters in returns or evasion; in other cases, the assessment process to be eliminated
4. To introduce a scheme of 'Tatkhanik Registration' for dealers.
5. To exempt such small resellers and works contractors having annual turnover of sale of less than Rs. 50 lakh from payment of purchase tax.
6. To completely dispense with the requirement of maintenance of stock registers for the purpose of availing Input Tax Credit.
7. To raise the ceiling of self Audit from Rs. 3 Crore to Rs. 5 Crore.
8. To eliminate the system of compulsory assessment and introduction of amnesty scheme for those registered employers and persons who have defaulted in the payment of Profession Tax.
9. To raise the lower rate of VAT from 4% to 5%.
10. To raise the profession tax exemption limit to Rs. 7000 per month from Rs 5000 per month.

F) MADHYA PRADESH

a. Goods & Service Tax (GST)

1. Request to Central Government for the system to empower the State Government for service tax collection under 88th Constitution (amendment) Act, 2004 at par with European Union.
2. Centre should not intervene in activities on which the State Government have right to impose taxes in the service sector.

a. Value Added Tax (VAT)

1. The limit of annual turnover for filing e-returns is to be reduced to Rs. 1 crore from existing limit of Rs. 2 crores
2. In case of filing return with digital signature, there will be no need to submit 'Return Verification Form' separately.
3. Increase the time limit for deposition of tax and furnishing of E-returns for small dealers having annual turnover upto Rs. 2 crores by 20 days
4. The dealers, instead of providing the list of purchases of more than Rs. 25,000 in a quarter along with return, now has to provide the list of purchases and sales of more than Rs. 40,000 in a quarter
5. Turnover limit of annual turnover for availing the composition scheme to be increased to Rs. 1 crore as compared to Rs. 60 lakhs
6. To levy VAT on sale of all types of liquor as against sale of liquor from bars.
7. Full ITR to be made available on Natural Gas used as fuel in manufacturing as compared to availability of ITR in excess of 5%.
8. Rebate is now proposed to tax paid on sand and other similar products.
9. In cases of manufacturing units, due to inter-state sales, VAT paid on inputs does not get fully set off against the liability & the remaining ITR gets liable to be refunded. It is proposed to refund 75% of the excess ITR against the bank guarantee.

10. Stock Transfer by Automobile Industry outside the state attracts reversal of input tax rebate by 4%. Further, in textile industry, the produced cloth being tax free, ITR shall be reversed by 4%. The rate of reversal for both the industries is proposed to be revised to 2%.
11. VAT rate of components used in production of automobiles to change to 5% by categorizing as industrial inputs.
12. Rate of Entry Tax on Plant & Machinery to be reduced from 2% to 1%
13. Components which get consumed in manufacturing of Engineering goods are made tax free
14. Iron used in manufacturing purchased from 'Rashtriya Laghu Udhog Nigam' is also proposed to make tax free.
15. In view of the increase in the prices of Domestic L.P.G., entry tax rate on the same to be reduced from 6.47% to 2%.

G) HIMACHAL PRADESH

1. Changes in CST Rates:

Particulars	Existing	Proposed
Existing industrial units	2.00%	1.5%
New industrial units set up in the State and also carrying out substantial expansion work	2.00%	1%

The benefit shall be extended for period of 5 years or till date of implementation of GST whichever is earlier.

Changes in VAT Rates:

Particulars	Existing	Proposed
On Footwear	5% & 13.75%.	9%.
On Aviation turbine fuel	5%.	1%.
On Cigarette, cigar & other smoking stuff	18%.	36%
On bidis	11%.	22%.

3. E-Service :

Extension of facility of filing e-returns, e-declaration, e-tax payment and issue of C&F forms online to;

Before 1/4/2013	From 1/4/2013
Dealers having Rs. 1 crore turnover & above.	Dealers having Rs.40 lakhs turnover & above

From 1st April 2013, the requirement of filing hard copies of monthly/quarterly returns filed online have been dispensed with except annual returns.

4. Registration fees under the H.P. VAT Act, CST Act, Passenger & Good Tax Act and Luxury Tax Act to be abolished for the new dealers to facilitate early registration.
5. From 1st April, 2013, commodities under various schedules appended to the Himachal Pradesh VAT Act, 2005 will be assigned commodity codes in line with Central Excise Tariff codes.
6. In current scenario where lots of cases are pending for assessment, select cases shall be selected for assessment on random basis. Cases where returns have been filed/taxes paid shall be considered for deemed assessment & closed.

H) DELHI

1. Changes in VAT rates:

Commodity	Schedule entry reference	Existing Rate (incl. Additional tax)	Proposed Rate
Refuse Derived Fuel (RDF)	Section 4(1)(e)	12.5%	Exempt
Tiles and kerbstones made from malba (i.e. construction debris)	Section 4(1)(e)	12.5%	Exempt
Light Emitting Diodes (LED) lights	Section 4(1)(e)	12.5%	5%
Chilli Spray used for self defence	Section 4(1)(e)	12.5%	Exempt
Singhara, kuttu and their atta and sendha namak	III – 81	5%	Exempt
Empty pencil/ geometry box	Section 4(1)(e)	12.5%	Exempt
Charki and manza used for flying kites	Section 4(1)(e)	12.5%	Exempt
All types of footwear having MRP up to Rs. 500, provided that the MRP is indelibly marked or embossed on the footwear itself (other than those covered under schedule I – 69)	III – 51	5%	Exempt
Desi ghee	Section 4(1)(e)	12.5%	5%
Organic gulal and organic colours	Section 4(1)(e)	12.5%	Exempt

2. To increase the threshold limit for registration from Rs.10 lakhs to Rs. 20 lakhs.
3. Facility of online registration to be introduced.
4. Periodicity of tax returns shall be changed from existing quarterly & monthly to quarterly only.
5. Dealers to file hard copies of only acknowledgement of returns e filed by them instead of filing hard copies of the entire VAT returns.
6. In order to encourage the dealers to voluntarily admit tax payable, it is proposed to mitigate penalty of 80% of tax admitted subject to tax having been deposited.
7. In order to enable the Works Contract dealers to discharge their tax liability in a simplified and hassle-free manner, it is proposed to introduce a new composition scheme where dealers will pay tax based on their overall turnover. There will be options available to dealers to procure materials against declaration forms (C forms), import as well as purchases from unregistered dealers.

I) JAMMU & KASHMIR

1. Changes in VAT Rates:

Commodity	Existing Rate (incl. Additional tax)	Proposed Rate
Cooked food items sold by the hotels, restaurants, food joints, dhabas etc	13.5%	5%
Saffron	13.5%	5%
Honey	5%	Exempt
The skills of our craftsmen in creating very attractive made ups like bags, purses, tea cozies etc	13.5%	Exempt
All electrical goods including CFLs	13.5%	5%
Items like durries, quilt & blanket covers, table cloth & table covers, mufflers, bed spreads, pillow case & pillow slips	13.5%	5%
Pashmina wool	13.5%	Exempt
Idols made of stone (other than precious stones) or any type of clay	13.5%	Exempt
Cigarettes & Other related products	30%	40%

- Benefit of certain exemptions/concessions outlined further extended upto March 31, 2014;

- VAT relief on basic food items: like Atta, maida, suji, besan, pulses, paddy and rice
- VAT relief to Industrial units
- Vat relief on Hotels
- VAT relief to farmers -wholly exempt small tractors, power tillers and other agricultural implements and attachments from the levy of VAT

- To encourage farming sector it is proposed to wholly exempt subsidized small tractors, power tillers and other agricultural implements and attachments from the levy of VAT.

- To change the requirement of obtaining reference from an existing

J) ASSAM

Commodity	Existing	Proposed
Gur, jaggery and edible variety of rub gur	5%	Exempt
Stone chips and boulders	13.5%	5%
CFL bulb & Generator set	13.5%	5%
Cigarette, Bidi, Cheroots, Cigar, smoking mixture	20%	25%

- To increase the exemption limit for levy of VAT from existing Rs.4 lakh to Rs.6 lakh.
- To increase the turnover limit for retail dealers for discharging tax under Composition Scheme from existing Rs.40 lakh to Rs.60 lakh.
- To fix the rate of tax at 5% on some electrical goods like sockets of all type, regulators, modular plate, MS Board, Casing and capping.
- To reduce the rate of entry tax on plastic granules from existing 2% to 1% to give a boost to plastic industries. To increase rate of entry tax on marble, granite and other decorative slabs, furniture and fixtures, sanitary wares and bathroom fitting of all types from 4% to 6%.
- To increase the rates under Composition Scheme for brick field, marble dealers & dealers dealing in cooked food, sweet meat. New composition scheme for catering dealers is also proposed.

K) KERALA

- Changes in VAT rates:

Goods coming under	Existing	Proposed
Schedule 1	0%	0%
Schedule 2	1%	1%
Schedule 3	5%	5%
Others	13.50%	14.5%
Works Contract- where the transfer is not in the form of goods but in some other form	13.50%	14.5%

Specified goods	Old Rate	New Rate	HSN Code
Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	15%	20%	2402
Disposable plates, cups and leaves, made of plastic		20%	*****

- Cooked food and beverages served in the house-boat paying compounded tax under the Kerala Tax on Luxuries Act, shall be exempt from paying tax 01.04.2006
- Sale of Cardamom to be taxed at 2% at the point of auction, conducted at the auction centre, holding a valid license issued by the Spices Board under the Cardamom (Licensing and Marketing) Rules, 1987.
- For Cigarettes it is proposed that any dealer, who is an importer or manufacturer of cigarettes and the similar products, may at his option, pay tax @ 20% on MRP of such goods.
- The turnover limit for taking registration for dealers, other than dealers specified in Section 15(2) (casual dealer, bullion dealer etc.) is enhanced to Rs. 10 lakhs from Rs. 5 lakhs.
- The department has come out with a one-time incentive to new registrants. The dealers may voluntarily get themselves registered under the KVAT Act between 1st April, 2013 and 30th September, 2013. These dealers shall not be liable to tax or penalties, with respect to the transactions prior to 1st April, 2013. However, this special provision shall not apply to the transactions of dealers who were-
 - importers;
 - works contractors;
 - manufacturers, but excluding dealers coming under sub-clause (i) of clause (c) of section 8;
 - dealers against whom penal proceedings were initiated for non-registration and non-payment of tax under this Act, before 1st April, 2013
- Hospitals run by charitable institutions, which avail exemption under the Income Tax Act, 1961 and who purchases medicines from compounded dealer after paying tax, shall be exempt from tax on sale of laboratory store items and consumables to their patients for the period prior to 1st April, 2013, as may be notified by Government. This exemption is available only if the hospitals get themselves registered under this Act on or before 30th June, 2013.
- The time limit for completion of assessments upto 2007-08 for audit assessments and assessments of escaped turnover are now extended upto 31st March, 2014.
- Provision for "Extension of period of limitation for assessments in certain cases".