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**HIGHLIGHTS OF THE SPEECH OF  
SHRI JAYANT PATIL,  
FINANCE MINISTER OF MAHARASHTRA  
PRESENTED TO THE LEGISLATURE ON  
THURSDAY, THE 22ND MARCH 2007**

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**PART II**

**1.** Two years of Value Added Tax completed. Average rate of growth of revenue 13%.

**2.** To compensate the loss of revenue in 2005-06 on account of introduction of VAT, the Central Government has granted compensation of Rs.2374 crore. Compensation of Rs.1330 crore still awaited and an amount of Rs. 1200 crore likely to be received by 31st March of this year. Aggregate claim of compensation for 2006-07 and part of 2007-08 likely to be of the order of Rs.2400 crore. It is expected to be received in 2007-08.

**3.** Exemptions and concessions granted to foodgrains, flour, chillies, turmeric, coconut, solapuri chaddar, tea etc. to continue for another six months.

**4.** Lac, Shellac and products thereof to be fully exempt from tax.

**5.** Processing of textiles not to be taxed till imposition of VAT on textiles is permitted.

**6.** Transactions in commodity markets to be exempted retrospectively from stamp duty if both the broker and investor reside outside the State..

**7.** Minimum rate of Excise Duty on country liquor to be increased from Rs.55 per proof liter to Rs.60 per proof litre.

**8.** MRP on IMFL to be four times the manufacturing cost if manufacturing cost is upto Rs.92 per litre.

**9.** No change in MRP of fermented beer, but excise duty increased from being equal to 100% of the manufacturing cost to 125% of the manufacturing cost.

**10.** Central Government reduces the rate of Central Sales Tax from 4% to 3% with effect from 1st April 2007. Likely loss to Maharashtra of Rs.1000 crore. In order to provide compensation,—

- (a) After one year, the Union Government will hand over 77 services to the States for levy of service tax. The revenue received in the current year from the 77 services will be distributed amongst the States.
- (b) The Central Government agrees to levy VAT on imports for the benefit of the States.
- (c) “D” Form under Central Sales Tax to be abolished with effect from 1st April, 2007.
- (d) State Government to tax @ 12.5%, cigarettes, gutka and other tobacco products. Bidis and unmanufactured tobacco exempted from tax.
- (e) If these measures fail to generate compensatory revenue, the Union Government will provided monetary assistance.

**11.** Time limit for assessment under Profession Tax Act and Motor Spirit Taxation Act to be increased by one year.

**12.** Amnesty scheme under Profession Tax Act for registered professionals and employers. Benefits available even to unregistered professionals.

**13. Survey under Profession Tax Act to start from 1st October 2007**