

Speaker Sir,

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

I have firm belief that the tax collection system should be simple, easy and business friendly, however, it should also be a deterrent to the tax avoider. The reforms will be carried out in the system of tax collection to provide e-services to the tax payer, expeditious grant of refunds and unlocking of the capital. This system will create a favorable environment and provide "Ease of doing Business". This will also enhance tax collections. The target of tax collection for the year 2014-15 was at rupees one lac and Eighteen Thousand Six Hundred Forty crore. I am confident of achieving the target of tax collection.

**Goods and
Services
Tax.**

2. The Constitution Amendment Bill required for introduction of Goods and Services Tax has been tabled in the Lok-sabha. Goods and Services Tax is expected to be implemented from 1st April, 2016. This tax system will bring about fundamental change in Indirect Tax system of India. The implementation of Goods and Services Tax will create a unified and harmonized market in India. The commodities produced in India will become globally competitive. I am confident that Goods and Services Tax will boost manufacturing sector and it will accelerate the mission of 'Make in Maharashtra'. Moreover, it will bring simplicity of tax compliance for the tax payers. The State of Maharashtra has always been a forerunner in all progressive reforms. The State has wholeheartedly supported Goods and Services Tax. The State has played a vital role in formulating the business processes proposed under the new tax system and preparatory work required for introduction of new system is under progress.

**Automation
in Sales
Tax.**

3. Automation of tax system is the need of the hour. The processes adopted by Sales Tax Department have been automated to a large extent. The modernization of the computerized system is a continuous process. The State has recently started the new automation project which will help both the business and the department in further simplification. All the processes envisaged under GST are being incorporated in the new software system under development, so it will make hassle free migration of data of existing tax payer to GST system.

**Increase in
FSI
premium.**

4. It is the endeavor of the Government to expeditiously grant permissions for all types of development and construction activities, which will facilitate the business and public at large and also augment Government revenue. The Government has adopted the policy of grant of additional FSI, for industrial and educational purposes, based on road width by charging premium, in the agriculture or no development zones in the approved regional plans, at the level of District Collector. Moreover, procedure is being simplified for change of use for housing and other uses in the regional plan. These changes will facilitate quick availability of these services to the citizens at local level. The Government is also considering allowing additional FSI with premium in the limits of Municipal Corporations and Municipal Councils. The Government has also proposed to enhance FSI limit from 0.33 to 0.60 and increase the rate of premium in the Brihan Mumbai Municipal Corporation limit. It is also under consideration of the Government to enhance the rate of premium on grant of all kinds of additional FSI. These gains in FSI tremendously benefit individuals but Government does not get the benefit of revenue increase in the same proportion. These amendments are proposed to ensure legitimate share of revenue for the Government from the overall benefits accruing to the beneficiaries of FSI without burdening the common man. The Government intends to grant timely permissions, simplify procedures and charge legitimate premium on additional benefits.

This is expected to result in substantial revenue gains for the Government.

Change in rate of Excise duty on Country liquor. 5. In the year 2013, tax structure on country liquor had undergone changes. I suggest further changes to the same. Rate of Excise duty on country liquor would be now 200 per cent of the manufacturing cost or Rs.120 per Proof litre whichever is higher.

Amendments of MVAT Act. 6. Speaker Sir, I propose some amendments to Maharashtra Value Added Tax Act.

Central Government levies Service Tax on the supply of services. There are some composite supplies on which Sales Tax as well as Service Tax is levied. To avoid cascading of tax, it is proposed that Sales Tax will not be levied on Service Tax collected separately.

In Audit or investigation proceedings, the tax payer can file revised return as per findings therein. However, dealer can file revised return only once. It is proposed to relax this condition and to allow multiple revised returns in case of audit findings or investigation proceedings by Sales Tax authorities.

Late fee is attracted in case of a delayed return. This has drastically reduced the number of defaulters in last few years. However, there can be a delay due to genuine reasons. Considering the same, late fee of rupees one thousand is proposed instead of rupees two thousand for delay in filing of return upto one month.

Under Value Added Tax, during any proceeding if a tax payer does not fully discharge his tax liability on any transaction, then assessment proceedings can be initiated. Instead of the existing provision, it is now proposed that assessment can be initiated if there is a reason to believe that the tax payer is not correctly discharging tax liability or is attempting to evade tax on any transaction. It is also proposed to introduce time limit for completion of transactionwise assessment and also provide for cancellation of order if the order is done ex-parte.

Under MVAT Act, tax payer can file revised return for a complete year and pay extra tax. In such cases, instead of present method of computing interest, it is proposed to compute interest with effect from 1st October of the year for which revised return relates. Amendment is also proposed for computation of interest in case of a revised return filed for a period lesser than a year.

Presently, where an appeal or review is being decided under one Act, which has an effect on tax liability under the other Act, which is not subject matter of appeals or review then the concerned authority cannot decide the matter under the other Act. The present provisions need certain technical changes. I propose to make the same.

High Court, approves merger or demerger of the companies, thereafter company is required to apply to the Registrar of Companies. I propose to specify a period of thirty days for making application for registration from the date of notification by the Registrar of Companies and amend present provision regarding cancellation of registration in such cases.

Speaker Sir, Now I Present tax proposal before the House.

Entry Tax. 7. Entry Tax is levied on some goods in order to protect legitimate tax revenue of the State. It is brought to my notice that long steel is being sold directly to the consumers from neighboring States. This has resulted in a loss of legitimate tax revenue of the State. In order to ensure legitimate tax realization on consumption of long steel, I propose to levy a five per cent entry tax on long steel. To avoid double taxation on long steel, set-off will be allowed as per provision.

Tax on wood free Plain and Pre-laminated particle board. 8. Wood free plain and pre-laminated particle board with 'Eco Mark' is taxed at five per cent. As there is no difference between Eco Mark Board and other plywood, I propose to levy twelve and half per cent tax on all types of wood free plain and pre laminated particle boards.

Extention of Tax exemption essential commodities. 9. The State has exempted tax on some of the essential commodities such as rice, wheat, pulses and their flour, turmeric, chilies, tamarind, jaggery, coconut, coriander seeds, fenugreek, parsley (suva), papad, wet dates, solapuri chaddars and towels upto 31st March, 2015. I propose to continue exemption on these items upto 31st March, 2016. The tax exemption on Currants and Raisins will also continue upto 31st March, 2016. The lower rate of five per cent tax on Tea will also continue upto 31stMarch, 2016.

Concession in Tax to women. 10. Presently, Profession Tax is applicable to all persons drawing salary above rupees seven thousand five hundred per month. I enhance the salary limit for levy of Profession Tax upto Rupess Ten Thousand for women. No Profession Tax will be applicable to the women drawing salary upto Rupees Ten Thousand per month. This will benefit nearly One Lac Fifty Thousand employed women in the State.

I propose to reduce sales tax on ladies purse and handbags from twelve and half per cent to five per cent.

Exemption to medicines for treatment of cancer. 11. I propose to exempt certain medicines required for treatment of cancer. A list of such medicines will be notified separately.

Concession in tax on guide wire. 12. I propose to reduce tax on the guide wire required for medical treatment from twelve and half per cent to five per cent.

Concession in tax on LED bulb. 13. Electricity consumption is growing substantially. Saving electricity is need of the hour. LED bulb saves electricity to a great extent. Hence, I propose to reduce tax on LED bulb from twelve and half per cent to five per cent.

**Concession
in tax rate
of cashew
shell.**

14. The rate of tax on cashew oil is five per cent but tax on cashew shell is twelve and half per cent. This requires the manufacturers to apply for refund as there is a full rebate of input tax credit on raw material. I propose to reduce rate of tax on cashew shell to five per cent considering that input should not be taxed at a higher rate than output.

**Certainty in
Taxation.**

15. Ambiguity in tax rate on any commodity is not conducive to economy. Even if the decision of a judicial forum comes in favour of the tax payer, there remains an uncertainty of the applicable tax rate during the intervening period and if decision comes in favour of Government the concerned trade is burdened with tax, penalty and interest which creates burden on the business. Business should not face such ambiguity. Certainty in taxation is an integral part of an ideal tax system. Considering this, I propose some amendments, to remove ambiguities :—

(i) Exemption from tax to Workbook, Drawing Book, Laboratory Book, Graph Book

Presently, books are exempted from tax, and exercise books, graph books, laboratory note books and drawing books are taxed at five per cent. Workbooks provide reading material and also space for writing. There is dispute regarding rate of tax on Workbook. It is disputed in the assessment as to whether workbook should be treated as book or exercise book or anything else. Some assessments are also pending in appeal.

Considering these aspects, for certainty in future I declare that Workbooks will be tax free from 1st April, 2015. For earlier periods, outcome of judicial forum will be honored. I also declare drawing book, laboratory note book and graph book to be tax free from 1st April, 2015.

(ii) Rate of tax on White Butter

‘Desi Loni’ is subjected to four per cent tax from 1st September, 2005 and five per cent from 1st April, 2010. A question has been raised regarding rate of

tax on White Butter. There is not much difference between White Butter and Desi Loni. Therefore, to remove ambiguity I clarify that White Butter will be taxed at four per cent from 1st September, 2005 and five per cent from 1st April 2010.

(iii) Rate of tax on Paper

Five percent tax is levied on paper. Presently, the entry 70 of Schedule C reads, 70(a) "Paper, newsprint, paper board, waste paper"; 70(b) "All types of paper stationary for computer, carbon paper, ammonia paper". Presently, there is a dispute as to items falling in the description of "Paper" under schedule entry C-70(a). To bring clarity to the entry, items covered under "Paper" will be henceforth notified. Pending proceedings will continue as per directions issued by the Department from time to time.

(iv) Rate of Tax on spices

Rate of tax on spices is five per cent. The entry of spices is 'Spices including cumin seed, asafoetida, aniseed, saffron, pepper and poppy seeds'. Generally tax has been paid at five percent on sale of mixed spices also. There is an ambiguity as to whether mixture of spices will also be covered under the entry of spices or not. The mixture of spices are spices only, hence the schedule entry will be retrospectively amended so as to cover the ready mixture of spices under the entry of spices.

(v) Tax on embroidery thread

Generally, tax on embroidery thread is paid at the rate of sewing thread. There is an ambiguity as to whether embroidery thread is covered in the entry of sewing thread. A retrospective clarification will be provided that tax rate on embroidery thread will be same as that of sewing thread.

**Local Body
Tax.**

16. Speaker Sir, the Government is committed to abolition of Local Body Tax. Due to abolition of Local Body Tax, compensation of rupees six thousand eight hundred seventy five crore will be required to be given to the Municipal Corporations excluding Mumbai. This loss of revenue will be compensated by enhancing rate of tax under Value Added Tax Act. The enhanced rate of tax will be applicable to the whole State. A Revenue Neutral Rate has been recommended considering the share of increased tax collection to be given to the areas where Local Body Tax is not levied.

Mumbai Municipal Corporation gets substantial revenue, by levying Octroi on Crude Oil. This Octroi amount is collected by Oil Companies as part of State Specific Duty from all consumers in the State. This aspect is also required to be taken into account.

Extensive deliberations are required on the enhancement in tax rates under Value Added Tax. The Local Body Tax will be abolished from 1st August, 2015.

The revenue received on account of increase in tax rates under MVAT Act will be assigned to the Municipal Corporations and demand will be tabled on account of grants to be given to other areas, as per requirement.

Speaker Sir, these tax proposals are estimated to result in net revenue gain of rupees Six Hundred Forty Three Crore, which has been incorporated in the Budget Estimates of 2015-16. I hope that honorable members of this august house will support the proposals.

Jai Hind ! Jai Maharashtra !!