

TYPICAL PROBLEM ON COMPUTATION OF TOTAL INCOME

PAN :	P.Y. : 2013-14
STATUS : INDIVIDUAL	A.Y. : 2014-15
Resident and Ordinarily a Resident	
<u>COMPUTATION OF TOTAL INCOME</u>	
(with assumed/example amounts)	

A	<u>INCOME FROM SALARIES</u>			
	Basic Salary			144,000
	Dearness Allowance			180,000
	Bonus received			30,000
	Commission			17,500
	Arrears of salary			4,500
	Pension			36,000
	Award from employer			5,000
	Employer's contribution to PF in excess of prescribed amt(12%of basic+DA)			9,720
	Overtime wages			4,900
	Ex-gratia payment			24,300
	Profession tax paid by Employer			5,000
	<u>Taxable Allowances--</u>			
	Special Allowance			6,000
	Children education Allowance (exempt @Rs100pm only for 2children)			12,000
	Hostel Allowance (exempt @Rs300pm only for 2children)			18,000
	Transport Allowance (exempt @Rs800pm)			1,200
	Tiffin Allowance (fully taxable)			7,000
	Entertainment Allowance			6,500
	<u>Gratuity u/s10(10)</u>			
	Gratuity -- Actually received		340,000	
	Less : least of --			
	i)1/2 of salary(10000pm) from previous employer X completed years of service (14)			

ie .=1/2 x 10000 x 14 yrs.	70,000		
ii) Actual received	340,000		
iii) Rs.10,00,000/-	1,000,000	70,000	270,000
<u>Commuted Pension u/s10(10A)</u>			
<u>Encashment of Leave salary after termination of service u/s 10(10AA)</u>			
NOTE: Leave Salary encashed while in service is not exempt			
<u>Retrenchment Compensation u/s 10(10B)</u>			
<u>Retirement compensation --Amount received under VRS u/s 10(10C)</u>			
<u>House rent Allowance u/s10(13A)</u>			
<u>Allowance for expense u/s10(14)</u>			
<u>Perquisites--</u>			
Value of rent free accomodation		48,000	
Value of concession in rent (concession 1000 X 12 m)		48,000	
Furniture provided by employer		15,990	
Sweeper, watchman provided		12,000	
Educational facility -- upto 2 children		12,000	
Hotel accomodation		12,000	
Free asset given by employer		29,000	
LIC premium paid by Employer		5,600	
Transport Alw. (800pm exempt)		2,400	184,990
<u>Profits in lieu of salary u/s 17(3)</u>			
-Compensation for modification in terms of employment		30,000	
-Transferred Balance from unrecognised PF --related to employer's contribution at		13,000	
			43,000
GROSS SALARY			1,009,610
Less : Deductions			
a) Profession Tax paid			(4,500)
b) Entertainment Allowance (For Government employees only)			
Least of i) 1/5 of Annual Basic Salary -- 120000 X 1/5	28,800		
ii) Actual received	6,500		
iii) Rs.5000/-	5,000		(5,000)
INCOME FROM SALARIES			1,000,110

B**INCOME FROM HOUSE PROPERTY****Self Occupied Property (SOP)**

Annual Value

NIL

Less : Int on Housing Loan --(eg.Rs.120000/- for purchase)

1)Limit on Interest 30000 if --- Loan for repairs /renovation

2)Limit on Interest 150000 if --a)Loan is for purchase/ construction (120,000)

b)Loan taken after 1.04.1999 and

c)Purchase/construction completed within three years after Financial year of loan (120,000)

(Consider the limits seperately 30000 +150000)

(Separate deduction for 1/5 interest on loan for construction before completion of house)

Let out Property (LOP)

Gross Annual Value (GAV)

-- Fair Rent 6000pm.

-- Municipal Rateable Value 5000pm.

-- Standard Rent 4000pm.

(higher of FR and MRV not more than Std rent) -- 4000pm

-- Actual Rent 8000pm.

(higher of above) 8000 x 12m

96,000

Less : Municipal tax paid (actually paid by assessee , not tenant.

(13,440)

Add : Arrears of rent received

2,000

Net Annual Value (NAV)

84,560

Less : Standard Deduction 30% of NAV

(25,368)

Less : Int. on housing loan paid Rs. 165000/- (No Limit)

(165,000)

(105,808)

(Separate for 1/5 int of loan paid before construction)

(225,808)**Add : Unrealised rent (rent not taxed earlier due to uncertainty etc) now received**

12,000

INCOME FROM HOUSE PROPERTY**(213,808)****C****PROFIT AND GAINS FROM BUSINESS / PROFESSION**

Profit as per given P & L A/c.

120,000

Add : Disallowed Items appearing on debit side of P&L A/c.

40 A(2)Unreasonable portion of salary to relative

500

Depreciation as per P&L A/c.

5,700

Provision /Reserve for bad and doubtful debts

Personal Expenses - drawings, LIC premium, car for personal use		3,400	
Salary , Interest on Proprietor's Capital		4,000	
Donation		1,200	
Municipal tax for house of proprietor		2,000	
Fixed Asset purchased		1,200	
Bad Debts not approved by Income Tax Officer		1,000	
Reserve for future losses		600	
Income Tax or Wealth tax paid / Provision		4,500	
		144,100	
Less :			
1 Depreciation as per Income Tax Rules		4,600	
		139,500	
ADD Disallowed Expenses			
1 u/s.43B if not actually paid upto due date of filing return ---			
'-Interest on loan from Scheduled Bank/ Financial Institution			
'-Sales Tax/excise duty/octroi		1,200	
'-Gratuity / PF / leave encashment / Bonus/commission		1,200	
-- Superannuation Fund/ employee welfare fund		5,000	
2 40A3--expense 20000 or more paid in cash to a person at one time			
3 Penalty paid --sales tax, bribe,		23,000	
4 37 (2B)Advertisement in brochure/souvenir of political party		800	
5 40A (7)Provision for Gratuity		1,000	
		42,000	
		74,200	
		213,700	
Add :Salary and Interest on Capital from Partnership		60,000	
PROFITS AND GAINS FROM BUSINESS			273,700
<hr/>			
D CAPITAL GAINS			
Full value of consideration			
Less :transfer cost		1,500,000	
Net consideration		(12,000)	
Less :		1,488,000	
<u>Indexed Cost of Acquisition</u>			
<u>Purchase price X 2013-14 Index</u>	<u>100000 X 993</u>	<u>=</u>	
Index of purchase year(1992-93)	223		(445,291)
Indexed Cost of Improvement			

	Improvement cost X 2013-14 Index	130000 X993	=	
	Index of improvement year(1998-99)	351		(367,778)
	LONG TERM CAPITAL GAIN			
	Less : Exemption u/s 54 cost of purchase of new residential house			674,931
				400,000
	TAXABLE LONG TERM CAPITAL GAIN			
	NOTE :If Capital asset is acquired by assessee /previous owner before 1.04.1981, Cost of acqsn. shall be cost to assessee /previous owner or Fair Market Value on 1.04.1981 whichever is more .			

E	<u>INCOME FROM OTHER SOURCES</u>			
1	Interest on Securities(if dealer= Bus income), SB A/c, bank depo	4,300		
	Less : comm and brokerage for collecting int/div.	(450)		
				3,850
2	Gift from any person exceeding 50000 (not taxable if from relative, or on occasion of marriage or under a will or incontem from local authority/University, hospital, edcml instn.,)			55,000
3	Interest on personal loan given			4,000
4	Insurance commission received by Insurance agent			
5	Rent received from subletting house	43,000		
	Less : rent payable to assessee's landlord	(3,200)		
				39,800
6	Salary and allowance to MP/MLA			
7	Rent received from hiring machinery/ furniture	25,000		
	Less : repairs, depreciation , insurance of let out mach/ furn.	(3,000)		
				22,000
8	Pension from LIC Jeevan Suraksha			
9	Agricultural income from land outside India			1,445
10	Honorarium received			4,200
11	Royalty received			3,500
12	Ground rent/ rent from vacant land			800

13	Director's fees		770
14	Interest received on Tax Refund		1,200
15	Winnings from horse race	13,000	
	Less : Owner incurred expenses eg. int.on loan , horse maintainanc	(2,300)	
			10,700
16	Div from Foreign Co/ Coop Soc		
17	Winnings from lotteries/ card games/gambling/ puzzles (Note : no expenses are allowed to be deducted from lotteries etc)		31,000
18	Family Pension received	30,000	
	Less : 1/3 of Family pension or 15000 whichever is less	(10,000)	
			20,000
19	Income of minor child	6,500	
	Less : exempt u/s10. Rs 1500/-(per child upto two children)	(3,000)	
			3,500
	INCOME FROM OTHER SOURCES		201,765
	GROSS TOTAL INCOME		1,475,575
	<u>Less : Deductions under Chapter VI A</u> (limited to GTI excluding LTCG and winnings from lottery, races etc.)		
	<u>U/s. 80 C (payments & contributions)</u>		
	Resident--Individual/HUF		
1	LIC/ULIP Premium paid- for assessee, spouse, children -(amt of premium exceeding 20% of policy amt to be ignored)		50,000
	(in case policy taken after 1.4.2012 exceeding 10% to be ignored)		30,000
2	NSC purchased--VI, VII Issue--assessee, spouse, minor child		
3	Post Office Cumulative Time Deposit- 10 yr/15yr --individual and minor child		
4	Tuition fees to school/college/Univ/edcnl instn,for self, spouse and two children for full time edcn		
5	NSC purchased--VIII Issue--(Int accrued and reinvested take in Income from Oth		120,000
6	Contribution to -NSS (National Savings Scheme)		
7	Deposit in Govt notified Fixed deposit of 5 years and above in Scheduled bank		12,000

8	Deposit in 5 year deposit in post office under Post office Time Deposit Rules 1981		10,000	
9	Contribution to -PPF /RPF /PF/ SPF		12,000	
10	Principal repayment on loan for purchase/construction of residential house+stamp duty/regn. fees		43,000	
	(For AY 2014-15 Limit of deduction Rs 100000 . For AY 2015-16 Rs 150000)		277,000	
	<u>U/s.80 CCC (contribution to Pension funds)</u>			
	Payment in annuity Plan of any Insurance Co. for receiving pension (Limit Rs. 100000/- together with 80C)		22,000	
			299,000	(100,000)
	<u>U/s. 80 D -- Medical Ins premium paid(Health Insurance)</u>			
	Resident--Individual/HUF (premium paid for health Insurance or preventive health checkup, - for self, spouse, parents and dependent children			
	(a) (Limit Rs.15000/- for assessee , spouse, dependent children	17,000		
	(b) Addnl Limit Rs.15000 for parents	16,000	15,000	(31,000)
	(limits are 20000 if (a) or (b) are senior citizens--60 years)		16,000	
	(limit for preventive health checkup is Rs 5000)			
	(total max. 40000 allowed)			
	(Ins prem should be by cheque and preventive checkup by cash or cheque)			
	<u>U/s. 80 DD -- Maintenance of dependant handicapped relative</u>			
	Resident--Individual/HUF-- med trtmt, training, deposit scheme of Ins Co/UTI Wholly/mainly depndt not less than 40% Disability(spouse,children, parents, bro, sister/members of HUF)			
	Lumpsum 50000 if normal handicap			(50,000)
	Lumpsum 100000 if severe handicap(80% or more disability)			
	dedcn in full irrespective of amt incurred/deposited in schm.			
	(certificate from medical authority essential)			
	<u>U/s. 80 DDB -- Medical treatment of assessee/dependant relative</u>			
	Resident--Individual/HUF-- medical treatment, of specified disease/ailment Wholly/mainly dependent (spouse,children, parents, brother, sister/members of HUF)			
	lower of a)40000 OR b) actual paid for treatment.			(8,900)
	lower of a)60000 OR b)actual paid if person is 60 years or more at any time in PY			
	(certificate from medical authority essential)			
	<u>U/s. 80 E -- Interest on Educational Loan for Higher Education</u>			

Resident--Individual on loan from financial institution/ approved charitable instn./bank. all fields after SSC exam, from recognsd school, board, university fees paid for education of assessee, spouse, children . (No Limit, for initial and 7 years)		32,000	(32,000)
<u>U/s. 80 G--Donations to Funds and charitable institutions</u> (a)Full amt. In case of donation to Prime Minister's National Relief Fund, Prime Minister's Drought Relief Fund, National Defence Fund, National Children's Fund etc. (b)50% of donation in case of other fund, temple,mosque etc notified by the govt. In case of general donations in (b) , it should not exceed 10% of GTI less other Deductions (Donation more than Rs10000 should be by cheque)(donation cannot be in kind)			(44,000)
<u>U/s 80 GG -- Rent paid</u> Rent is paid by assessee and provided no residential accomodation is owned by him, spouse ,minor children Limit is a)rent paid in excess of 10% of Total Income OR b)Rs2000 pmOR c)25% of Total Income whichever is less. (This deduction is available only if assessee does not receive HRA (House Rent Allowance) from his employer)			
<u>U/s 80 GGB -- Contribution by company to Registered Political Party</u> Assessee Indian company can claim deduction of any amt given as contribution Contribution to be by cheque only. No limit.			
<u>U/s 80 GGC -- Contribution by any person to Registered Political Party</u> Person other than local authority and artificial juridical person. Contribution to be by cheque only. No limit.			
<u>U/s. 80 U -- (Assessee himself handicapped)</u> Resident--Individual suffering from not less than 40% prescribed disability Lumpsum 50000 if normal handicap Lumpsum 100000 if severe handicap (more than 80%) (certificate from medical authority under Persons with Disability Act 1995)			(50,000)
TOTAL INCOME			1,268,575

Points to remember :

CAPITAL GAIN

- 1 No Indexation is allowed in case of short term capital gain.
- 2 Cost to previous owner deemed (assumed) as Cost of acquisition if asset acquired under will / inheritance /gift .

INCOME FROM HOUSE PROPERTY

- 1 For house property income - int on loan by mortgaging the house for any other purpose like education , marriage etc. cannot be considered for deduction.

PROFITS AND GAINS FROM BUSINESS

- 1 Additional depreciation @20% on cost of new machinery in addition to normal dep. Not for second hand mach/ office appliances/road transport vehicles.
- 2 In business profits--family planning exp. are allowed as business exp. Capital exp 1/5 is allowed every year.
- 3 Gift from clients is taxable as business income
- 4 Insurance premium paid for health ins of employees is allowed as business exp only if **paid by cheque.**
- 5 Embezzlement by employees is allowable business exp.

Exemptions

1) Gratuity u/s10(10)

Govt employees --fully exempt--S/C govt/local auth/ defence services

Other employees-- least of

- i $1/2 \times \text{avg salary} \times \text{completed years of service} .$
- ii 1000000
- iii Actual received

2) Commuted Pension u/s10(10A)

Govt employees --fully exempt

Other employees-- if employee also receives gratuity also , 1/3 of the commuted value of pension

-- if employee doesnot receives gratuity , 1/2 of the commuted value of pension

NOTE-- Remember to take remaining uncommuted pension in salary

3) Encashment of Leave salary after termination of service u/s 10(10AA)

Govt employees --fully exempt

Other employees -- least of

- i Ten months average salary
- ii Rs.300000
- iii Actual received

NOTE: Leave Salary encashed while in service is not exempt

4) Retrenchment Compensation u/s 10(10B)

is exempt least of

- i Amt calculated as per Industrial Disputes Act 1947-- $15/26 \times \text{avg sal} \times \text{completed years of service}.$

ii 500000

iii Actual received

no limit --scheme approved by Cgovt.

5) Retirement compensation --Amount received under VRS u/s 10(10C)

paid by company, govt authority, coop society, university, govt.--on voluntary retirement under scheme prescribed guidelines limited to 500000.

6) House rent Allowance u/s10(13A)

exemption not available if house is owned by assessee/no rent is paid

7) Allowance for expense u/s10(14)

amt actually spent-- conveyance allowance,outstation/daily allowance,uniform allowance.

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TAX PLANNING

SERVICE TAX

Indirect tax, imposed by Cgovt, on certain services, provided by Tax on services, not on persons

effect from 1.07.94. Presently 10% Stax + 2% Edcn cess + 1%

As on 1.4.2011 Sec 65(105) defines taxable service as any spe

Entry 97, Chapter V of Fin Act 1994--Sec 64 to 96, provides

Whole of India--territorial waters 12 nautical miles, contntl shelf

NA to services provd in JK, From JK to anywhere in India Sta

Sec 65(105) defines Taxble service as -- any specified service p

Service provided from outside India to person in India will be

ST is sometimes payable by recepiet-- **reverse charge--impo**

Principle of mutuality--Should be two separate persons acting

Exception to Principle of Mutuality --taxable service includes s

Guiding Principle of clasfcn= service should fall in category

Nature of service > important than quantum of

Valn-- if service provided for consdrn in money-- gross amt charg

consdn partly money--such amt of money with a

gross amt charged= chq, credit card deduction f

ST = Gross Amt x Rate of Tax

(100 + rate of tax)

EXEMPTION TO SMALL SCALE SERVICE PROVIDER

upto first consecutive payments **RECEIVED** of --10,00,000 to

NA taxable service under brand name/trade name of other,

Even if limit not crossed above tax to be paid.

CONDITIONS--1) Option to S prvdr. Once exercised cannot w

- 2) **No CENVAT credit on Inputs used for Tax**
- 3) **No CENVAT credit on capital goods during**
- 4) **CENVAT credit can be availed only on input**
- 5) Applies to aggregate value of **all TS** provide
eg.- If TS not exceed 10L in FY 10-11 then u

GENERAL EXEMPTIONS TO SERVICE PROVIDERS-- servic

- 1) To **UNO and International Orgns.**
- 2) To **Developer of SEZ /unit of SEZ**
- 3) To **Diplomatic mission** for ofcl use , and to officers and the
- 4) Value of **goods and material sold by SP** if documentary pr

- 5) On Specified taxable services **received by EXPORTER** and
- 6) By Govt dept/public Auth which performs **mandatory/ statut**
hence not taxable eg. Fees of Censor board. But if non statu
- 7) Services **to/by RBI.**
- 8) By banking Co/ Fincl instn. / NBFC /other body corporate/ pers
- 9) **S Govt agencies** implementing **C Govt schemes** under a c

PAYMENT OF ST

Individuals,,Firms, Sole Trader-- Qtly -- 5th July, 5th Sept., 5th Dec
 Others -- Mthly -- 5th of following mth and for March --31st Mar
 If electronic payment -- Individuals,,Firms, Sole Trader-- Qtly --
 Others -- Mthly -- 6th of followi

E payment mandatory for SP who has paid ST 10L or abo
Sec 75--Interest--18%pa. . And 15% pa for taxpayers with
 if payment due on 5th Oct --made on 23.11.11--
Sec 76--Penalty --Rs100 per day during which failure to p

RECEPIENT -- LIABLE TO PAY ST

- 1 Service importer in India-- Service from non resident / from o
- 2 Ins Co-- S.Tax paid by Ins. Co. for service provided by Ins. ag
- 3 Consignor/Consignee-- Goods transport agency , consignor/con
- 4 Mutual fund/Asset Mgt. Co -- service of distribution of MF by MF
- 5 Sponsorship Service -- body corporate /firm in India receiving :

POINT OF TAXATION

effective from 1.04.2011

Point of time when service shall be deemed to have been provided

- 1 Date of **invoice/payment** whichever is earlier , if invoice is issued
- 2 Date of completion of **service/payment** whichever is earlier ,
- 3 **Continuous supply of service** = any service provided/to be provided
Date of compln contns service= date of completion of service
- 4 Accrual basis as above applies . **NA if Service completed/ invoice issued**
- 5 **Option upto 30.06.2011**--Services provided upto 30.06.2011 as per invoice
ST on service completed < 31.3.11 is payable
- 6 **Professionals**-- CA/ICWA/ CS/ Advocates etc will continue to be treated as service providers
- 7 **Export of service**-- P O T = date when **payment** received if payment received
otherwise POT determined under normal rules.
- 8 **ST payable by recipient of service**-- P O T = date when **payment** received
otherwise POT determined under normal rules.
- 9 **Credit note by Assessee SP**-- for not providing full/part service
>> assessee SP can refund the amount with ST / issue credit note
>>SP can adjust excess ST paid in ST liab in subsequent period
Adjnt not permissible for bad debts / giving discount/reduction
- 10 **Immediate CENVAT credit** -- CENVAT credit can be taken immediately
But if payment is not made to SP within 3 mths of invoice date
Credit can be taken again when payment is received by SP.

CENVAT CREDIT

CENVAT credit rules 2004 intro 10.09.2004

ST paid on input services, CENVAT (excise) on inputs and eligible

Edcn cess also taken as credit. But not int and penalty. EC a

Input service= service used by Service Provider for providing
Input service should be used by manufacturer for
Input Service is used for **modernisation, repair**
Input Service includes -- **A/cg, auditing, transport**

EXCLUDES-- specified in clause 105 of Sec 65 ie Architect, C
specified S will be eligible for CENVAT credit if u
Gen Ins., renting of cab, if relate to motor vehicle
above permitted as input S where mo
outdoor catering, beauty treatment, health service

Input Service distributor

office of mfr/ producer of final products which receives invoices
Have to register themselves under ST Rules and file half yearly

Output Service

taxable service provided by provider of taxable service to cust
But goods transporting agency services are excluded from OS

Capital Goods--

1) Tools, Eqpmt, machinery, electrical, electronic mach., optical, su
pollution control equip., components/ spares accessories, mould, di

confi but not includes equip/appliance used in office, for genrn of

2) Motor vehicle regd. In name of OSP for providing taxable viz

3) Dumpers/tippers for OS --site excavation and mining

4) components/spares of motor veh., dumper/tipper

CONDITIONS FOR ALLOWING CREDIT WEF 1.04.2011

1 **Receipt of inputs--** CENVAT credit may be taken immediate

2 **Invrecd- Input Service** CENVAT credit allowed on/after day in

3 **Invoice before 1.04.2011** CENVAT credit allowed on/aft

4 **Input service reverse charge >>** CENVAT credit allowe

5 **Capital goods** not more than 50% in first year, bal s

6 **Capital goods acquired also on lease/HP/loan agmt**

7 **Deprcn under Itax** CENVAT credit **not allowed** --that va

- 8 **Payments within 3 mths** But if payment is not made to
 ,SP shall pay amt of CENVAT
- 9 **Refund/Credit note recd by SP--** assessee SP refunds the ar
- 10 **Payment of Amount** Amt paid by SP in above 8,9 p

REFUND OF UNUTILIZED CENVAT CREDIT

Admissible only in case of **exports** of output se

FILING OF RETURNS

ST-3Return--for all regd assesseees including Input
 ST-3A Return-- assessee making provnl asses

ST-3Return--for all regd assesseees including Input Service
 half yearly--25th Oct , 25th April. Filing compuls
 accompanied by GAR -7 challan. One return for
 Revised return in triplicate , to correct mistake/c
 ST 3/ST 3A Return in triplicate to Superintende
 assessee having **15 digit ST payer code** can f

E filing-- from 1.04.2010 E filing is compulsory if ST

Penalty 15 days --500
 16 --30 days --1000
 beyond 30 days 1000 + 100 each further day

REGISTRATION

HOW WHO every person who has provided taxable service
 Receipter who is liable to pay ST
 Input Service distributor

Penalty failure to reg penalty upto 5000. And now-higher

HOW Period 30 days of commencing business of providing
 new service taxable-- existing SP must regd w

Proc aplcn in Form ST -1 duplicate
Regn cert within 7 days /deemed granted
 PAN based Service tax code/regn no.
 Multiple locations/services --one regn cert.

COMMON INPUTS FOR TAXABLE AND EXEMPT SERVICE

CENVAT credit not available if OS is exempt from ST.
 Same inputs/input services are used partly for exempted serv
 maintain separate inventory and A/cs of receipt
 pay amt equal to 5%(ST) of value of exempte
HOW pay an amt equal to proportionate CC attributa
 maintain separate A/cs for inputs and pay amt

SPECIFIC SERVICES

- 1.11. **Courier Services** wef 1.11.1996
- 1 engaged in door to door transportation of time sensitive docum
 Also includes-- sender hands over docmts at courier's office / |
 - 2 **Value of taxable service** Gross amt charged by SP , no
 Charges for packing of envelopes , stu
 - 3 **Liab to pay ST** Only commercial concern. Basic mail se
 - 4 **Value of parcel underVPP** VPP (other than P &T) exempt
 - 5 **Related services** trans, warehousing , inventory mgt., . Cr
 - 6 **Express Cargo Services** included If consignment
 - 7 **Angadias** included
 - 8 **Domestic C collaborating with Intl C** Courier liab if |
 - 9 **Import of documents** Courier liab if |
 - 10 **Exports Exempt** Physically performed even parti
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- 1.11. **Advtg Agency** wef 1.11.1996
- making, preparation ,exhibition of advt, includes e
 merely canvassing advtmt on comm basis not
-

16.01Clearing and Forwarding Agent wef 16.07.1997

service of clearing and forwarding operations. **Includes consignment** of recvg goods from factory, warehsg, receiving dispatch orders, and

Value of taxable service gross amt of remn/comm paid
 minimum comm on a flat rate

Exempt services-- Storage tank on rent for **liquid cargo**
 Inland container depots and Customs
 food grain agent who collects comm
 transportation charges if separate bill

Coal merchants liable -- if agent of buyer and does as per his
Consignment agent liable -- receives goods from principal and di

Exports Exempt Physically performed even partly outside

16.10Architects services wef 16.10.1998

name entered in register of Architects

16.01Event Mgt Service wef 16.08.2002

planning promn, prstn of arts, entertainment busi

Value of taxable service Gross amt charged by SP , no

Exemption Event organised /managed by sponsor himself

HOW value of ticket / amt generated by sale of space included in tax
charges paid event mgr.to agencies like photographer , advtg
Consultancy service is chargeable

Organiser of trade fair undertakes Event Mgt. Himself then not

HOW No Service tax on value of ticket / amt generated by sale of

Exempt Exports Physically performed even partly outside

10.01Construction services in respect of commercial/indl bldgs/

Comcl/indl con service means con of new bldg/structure/pipeline
But does not include roads, airports, railway, bridges, tunnels , (

exemption= 67% of value of taxable service is exempt
exemption NA if services **only completion and**
exemption NA if **CENVAT credit** of duty/service
exemption NA if SP availed **benefit under No**
Com/indl construction services provided in relati

16.0(Construction services in respect of residential complexes

construction of new resi complex, finishing services like glazir

Resi complex means complex more than 12 resi units

Excludes-- complex constructed by a person directly engaging an

exemption= 67% of value of taxable service is exempt
exemption NA if services **only** completion and
exemption NA if **CENVAT credit** of duty/service
exemption NA if SP availed **benefit under No**

If contractor provides service to builder/developer , contractor s
Material supplied by builder to contractor shall be added to gr

Service provided by seller(promoter/builder/developers) in conn

If ultimate owner(flat) enters into contract for constcn with prc

Services provided relation to construction of port /other port ar

Exempted-- 1) Con. Of major and minor ports.2) Not comcl /indl

Renovn of non comcl purpose, bridge exempt, . E

G AND MANAGEMENT



for certain persons

6% secondary and higher Edcn cess = 10.30%

specified service provided---117 services. Tax admnstrd by Central Excise
for taxn of services.

, except Jammu & Kashmir

tax is applicable

provided

taxable if service received in India.

transfer of service, Transporter of goods, Ins/MF agent, sponsorship
on Principal to Principal basis--**Not taxable-- employee to employee**
service provided by unincorporated Assocn/body of persons (coop soc

which is more specific, If composite service operations--category-which
service, classify in category, which was introduced first in the Sec 65

deducted by service provider;

addn of ST is equivalent to consdn; consdn not ascertainable amt

from A/c, credit/debit note, book adjsmnt in the books of tax payer-- if tr

towards taxable services, received during Financial year.
registered /not, OR where recipient is taxable

withdraw in FY.

able Service on which exemtn availed
period when he avails exemption.

Inputs/services input services recd after starts paying ST and used for provdg
ed from **all premises** by provider in **preceding FY**.
pto first 10L TS exempt in 11-12

es provided --

air families for personal use
roof of value of goods/mat. And no credit of duty paid on such goods

l used for export of goods eg.--Gen Ins., Port service, banking, storage
atory function(services) and collects fees = purely in public interest ,
itory function then taxable

son on **collection of tax/duties levied by C/S Govt**
entral grant.

ec. And 31 st March
arch .

6th July, 6th Sept., 6th Dec. And 31 st March
ing mth and for March --31st March .

ove in preceding FY or already paid 10Lin Current FY.(paid 10L t
turnover below 60L in preceding FY.-- from due dt to dt of payi
5th Oct 11 to 22.11.11
ay ST OR 1% pm of Tax whichever higher. But penalty shall not

outside India , not having office in India.
gent to Ins Co.

signee who is making freight payment himself /thru agent.
distributor /agent
sponsorship service

provided, tax becomes payable at rate prevailing on that date.
sued within the prescribed period of 14 days from date of completion

if invoice is not issued within the prescribed period of 14 days from c

provided > 3 mths. Eg renting, ins., . Notified S like Works Contract-- :
ipln of specified event stated in contract , which requires full/part p:

nvoices issued <1.04.2011

sessee can opt to pay ST on **receipt basis**

only when amt realized. Indvl/firm--due dt is 5th of mth following the r

pay ST on **receipt basis**

ayment received < period prescribed by RBI (within 6mth of invoice)

yment is made to SP if payment made < 6mth of invoice date

ce, deficient provision of service >>

it note.

riods.

in charges.

nmediately on invoices issued >1.04.2011 except ST under reverse cl
te credit taken will be reversed.

le capital goods used for providing output services can be taken as
gainst EC and HSEC against HSEC

taxable output service

or manufacture of final products
rs of factory/premises or related office
ortation etc.

on of residential complex works contract etc if used for con of bldg
used for spec service--thus architect service eligible for CC if used as inp
e related S

tor veh permitted as capital goods eg. Courier S
s life/health Ins, travel benefits -- when used for consumption of empl

of input S and issues invoices/challans for distributing credit of ST pa
returns in following mth

tommer, client subscriber, policy holder, other person.

urgical equip.,

ies, jigs, refractories, tubes and pipes, storage tank --used in mfr.

electricity for use in factory or for providing OS.

!--courier , tour operator, rent a cab oprtr, goods trans, outdoor caterer

ately on receipt of **Inputs(goods)** in premises.

nvoice/bill/challan is **received for Input Service**

er day **when payment** made of IS and service tax

d on/after day **when payment** made of IS and service tax

ubsequent years if cap goods in posn of Provider

lue of cap goods represents duty, on which OSP **claims as deprcn(€**

assesseeSP within 3 mths of invoice date **credit taken will be reversed**
credit. Credit can be taken again when payment is received by SP.
amount with ST / issue credit note>>**SP shall pay/ credit amt** related
amounts shall be paid by debiting(decreasing) CENVAT credit before **5th**

service. Refund subject to safeguards, conditions specified by Cgovt.

Input Service Distributors
Scheme

Distributors

any, Even if NIL Return
for ALL different services.

Commission **within 90 days of orgnl Return. Relevant date for recording**
of Central excise/State
taxable R electronically

paid in preceding year is 10L

(not exceeding 20000)

of value exceeding 9 L in the preceding FY-- ST ofc jursdctn SP o

for of- 20000 from 1.05.2011/ 200 for every day

taxable service
within 30 days

S

prices.

and use of inputs

and services also

eligible to exempted OS

Claim full then pay pro?

as determined under Rule 6(3A)

goods, articles, utilizing services of person to carry/accompany such goods picked up by recipient from courier's office.

deduction allowed for exp incurred. But if SP makes payments for affixing and sorting activities will form part of courier service

services --Post and telegraph, NGOs, charitable instn/indvl exempted. Subject to the extent of **value of parcel recovered from customer.**

charges for such facilities **included if related** to C S and undertaken

note is not issued, the service will fall under this service

recovers service chgs from consignee in India. Not if from Intl C agent recovers service chgs from consignee in India.

only outside India exempt..payment recd in convertible foreign Exchange

advtg consultant.

included(covered under **Bus auxiliary service**)

Government agent

arranging dispatch of goods, maintaining records
to C/F agent by Principal
/turnover basis +variable comm based on performanc

(but **covered under storage and warehsg services**)

is freight stations--because functioning under Govt of India(covered
only from buyers, but liab if legally charges comm from farmer(**cover**
ll issued

directions

spatches on direction of principal. who doesnot perform C&F is not lia
[de India exempt..payment recd in convertible foreign Exchange.](#)

iness, sports including consultations

[deduction allowed for exp incurred. But if SP makes payments for a](#)

taxable service

agency etc --included in value of service

: taxable.

space

[de India exempt..payment recd in convertible foreign Exchange.](#)

e/compln and finishing/ repairs alteration of bldg etc. used /to be used
dams

finishing services

tax on inputs/capital goods/input services taken under CENVAT cre
tfcn dt 20/06/2003

on to Works contract in relation to construction of port are exemp

wef 16.06.2005

ing, fencying/repairs alteration to resi complex

other person for construction, for personal residence.

l finishing services. Not considered for abatement calcn. But separate
tax on inputs/capital goods/input services taken under CENVAT cre
tfcn dt 20/06/2003

shall be liable

oss amt charged by contractor

ection with construction of resi complex till execution of sale deed wit
moter/ builder/devlpr not liab because **NA to one resi unit.**

e exempt.

use>>ofc-excise/sales tax etc dept, schools, hospitals, canal --govt.,
but tax - renovn of port, corporate ofc

» dept.

p service
r, by branch / division to another branch / division of Co.
:) to member for consideration.

h has its essential characteristics.
{(105)

as may be determined in prescribed manner.

an is with associated enterprise.

TS

& warehousing, transport etc.

**tax and not services of 10L)
ment.(ie 5th July etc and not dt of compln of Service)--
exceed 50% of ST.-- from due dt to dt of payment.**

of service.

late of completion of service

S will be called Continuous service irrespective of period.
ayment of certain amount.

elated qtr 5th July.

harge method (Receipient pays Stax)

credit.

out for works contract

oyee.

iid to branch offices

pandal , shamiana

excise duty amt --no dep)

rsed

d to such amt refunded/credited.

1 day of following mth/31 March/following Qtr.

very of ST = dt of filing revised return

fc/premises

uch documents.'

nd behalf of customer like customs duty --such payments not inc

peed post is taxable.

by C agency itself.

ncy.

e.

under **Cargo handling services**)
ared under **Comm agent**)

able.

nd behalf of customer such payments not included

primarily for commerce /industry.

dit Rules 2004

t. But does **not include completion/finishing ./repair** in relation to p

ly included and taxed.

dit Rules 2004

h ultimate owner would be self service , not attract tax

=====

PROBLEMS

- 1 Rule of precedence Service should
- 2 Taxable Service in FY 10-11 does not
- 3 Reverse charge-- receipt liable to pay
 - 1 Service importer
 - 2 Ins Co-- ST pay
 - 3 Consignor/Consi
 - 4 Mutual fund/Asse
 - 5 Sponsorship Ser
 - a NA 10L exempn to small scale
 - b Point of taxn. --Service receipt
 - c Regn---Receipt who is liable
 - d CENVAT credit can be availed

Input service reverse charge CENVAT
- 3A TS provided under other's brand name
 NA 10L exempn to small scale
- 4 Professionals render service--- consid
- 5 Real estate agent-- advtg is input serv
 Travelling, postage, telephone etc exp in
 ST payable on total amt charged by §
 Cost of chauffeur constitutes part of c
- 6 Invoice < 14 days of compln service>>:
 Invoice > 14 days of compln service>>:
 Contns service -- dt of compln of spec
 Accrual basis
 Payment basis-- Professionals. Invoice
 Option upto 30.06.11-- payment basis/

 Export of service-- dt of payment < F

Service receipt --dt of payment <6m
Credit Note --excess ST adjusted ST li
CENVAT credit--reversed if payment no

Part recd -- tax on it , bal taxed seper

7 Interest -- from due dt to dt of paymen
if payment due on 5th Oct --made on 2

$$\text{Value of TS} = \frac{\text{Gross amt charged} \times 10.30}{110.30}$$

$$\text{Service Tax} = \frac{\text{Gross amt charged} \times 10.30}{110.30}$$

8 Non taxable services given >> assume

9 Sec 68 of Finance Act 1994 casts liabil
Amt recovered from client taken as inc

10 Gross amt charged includes payment by
postal remittance (not currency held f

11 Sec 67-- assessable value ie . Consider

12 Ww & Co. Not a Co ---Ltd not in nam

13 Advance recd 400000 service provide

14 CENVAT Credit-Capital goods not mor

15 CENVAT credit availed by mfr can be

16 ST is not chargeable on value of parc

17 1270000 -1000000= 270000 x10.30% i

18 Gross amt charged by SP , no deductic

19 Charges for packing of envelopes , stuff

20 Check-- amts inclusive of tax? See m

21 Services rendered even partly outside

22 Constrcn services in respect of residenti

cluded

orts.

fall in more specific category,, that service which has its essential char
exceed 10L , SP would get exmpn in 11-12 upto 10L. Excess TS wil

ay tax

in India-- S from non resident / from outside India , not having offi
id by Ins Co for service provided by Ins agent--Gen/Life
gnee-- Goods transport agency , consignor/consignee who is making
at Mgt. Co -- service of distribution of MF by MF distributor /agent
rvice -- body corporate /firm in India receiving sponsorship service
> SP>> person receives transport service he should pay tax on value
lent --is dt of payment if <6m from invoice/ normal rules 6(3A)

to pay ST

d on the basis of challan of payment of ST by recepient of S liable t
(T credit allowed on/after day when payment made of IS and service

>

> SP

er not accrual but payment+advance +arrears recd basis

ice. RE agent not acting as advtg agent also.

urred inputs . Not reimbursable though indicated seperately in the inv
>P.

gross amt charged by rent a cab SP

> earlier Invoice /payment

> earlier compln/payment

ified event , stated in contract.

> / compln< 1.4.11. when payment recd. Due dt or payment of ST 5th
accrual

{BI prescribed(6m from invoice)/ normal rules

1 from invoice/ normal rules
ab for subsequent period
it made to SP < 3m of invoice

ately

nt.(ie 5th July etc and not dt of compln of Service)--
23.11.11-- 5th Oct 11 to 22.11.11

100

10.30

included in advance and bal,. Proportionately.

ity to pay ST upon SP . Not contingent upon SP charging ST sepeara
clusive of ST and ST calculated by back calculations.

y cash+ credit card+ pay order + promissory note+ letter of credit + tra
for numismatic value), deduction from A/c. , adjmt. Book entry(within

eration received before, during, and after providing service , is taxable

e. Just a firm/ent.

d 360000. ST payable on full advance. Excess ST paid adjusted in c

re than 50% in first year, bal subsequent years if cap goods in posn o

utilised for discharging liab towards Central excise duities.

el under VPP.Only service charges received in relation to door to d

if claims threshold exemption of 10L.

on allowed for exp incurred. But if SP makes payments for and beha

ing and sorting activities will form part of courier service

onth of computation--deduct advance recd in previous mth already cc

India are exempt.

al complexes --13 /> resi units., only service by contractor to Builder

Characteristics, which occurs first--chronologically in the relevant clause /

to be taxed.

to be in India.

to pay freight payment himself /thru agent.

to be of service recd.(exempt 75%?)

to pay ST.

to pay tax

to be in India.

to be of mth /qtr following mth when payment recd.

itely in bill.

veller's cheque+money order+
i branches), credit /debit notes

3.

ptr when amt refunded 40000.

f Provider

oor transportation by Courier are taxable.

If of customer like customs duty --such payments not included

onsidered in previous mth.

7/promoter included.

or numerical sense.

MVAT 2002

MVAT 2002

Replaces BST 1959, MST 1985

Covers Importers., Mfr., Distributor, Wholesaler

Applies to--Sale in the course of bus.

within the Mah. State
movable goods only
by a dealer
for consideration

excludes sale/d
excludes outside

Taxability Sec 4

Schedule A	Nil	taxfree goods --51 items--Food
Schedule B	1%	Gold, Silver, precious metals, s
Schedule C	4%/ 5%	Declared goods--raw mat., use
Schedule D	25%	Liquor, beverages, molasses, p
Schedule E	12.50%	Other goods

Exception-- sale of motor spirits special tax rates Motor spirit tax

Sec 7 Tax on packing material-- same rate as goods packed.

VAT--

levied and collected by S Govt.,

on sale of goods

on taxable turnover

sale within State

on each sale/resale

rates may differ in each state

Sales made are taxed in same year

indirect tax

recovered from ultimate consumer

2(4) **Business-- includes any service/trade , commerce, manufacture.**

DEEMED to include whether /not profit motive and whether c
 activity of **raising manmade f**
 transaction of **purchase/sale of c**
 Sale/purchase of goods which wo
 tran in concn with **commence**
Bus is purch/ mfr of goods with intention to finally sell it. O

2(8)

DEALER

Person who in the course of business, buys/sells goods in St
factor/broker mercantile agent, comm agent, del credere agent in
auctioneer who sells/auctions goods or organises sale/auction, w
non resident dealer /agent buys/sells goods in course of busine
society/club/assocn buys/sells to members.

DEEMED to be dealers

Customs dept., Dept of S/ C govt., local a
 unclaimed, scrap waste etc.

Exceptions

Agriculturist sells exclusively agri produc
 Edcni instrn.--carrying on activity of mfg/ p
 Transporter holding permit for transport v

Person carrying on bus outside Maharashtra not a dealer. But pe
 Railway/shipping /air transport though transporters are considered

IMPORTER--

a dealer who **brings (purchase/otherwise)** ar

Mfr--

producing/altering Brings into existence new substance. Char
 Should be some **process** on goods + carried on **by dealer / hi**
 changes must result in emergence of **commercially new and dif**

GOODS

every kind of movable property, excluding newspapers, actionabl
INCLUDES--live stock, growing crops grass and trees /plants and
 Sale of newspapers not sale of goods but sale of old newspaper
 Includes intangibles--patents, trademarks, import licence, export p

SALE

Sale of goods **within Mah** for cash/def pa

Deemed sale

1)otherwise than under a contr:1)trf of p

- 2) in execution of works contract
- 3) Hire purchase/instalment sale
- 4) trf of right to use (lease)
- 5) by assocn to mems
- 6) supply of food, drinks or articles

Court decn-exclude Includes-

branch trf., free replacement of parts during sale by compulsion under law eg. supply

Sale Price

Valuable con paid/payable, to dealer, for Includes--central **excise duties, customs** Includes--deposit recd by seller, refundable Excludes tax payable on sale(**MVAT**)

Court decn-exclude Includes-

optional warranty charges, inspection freight and Ins in FOR contracts, freight a

Turnover of sales = aggregate amts of sale price recd., /reck

Sec 3 **Regn Importer**

tax payable after limit exceeded sales TO exceeds 100000 -- Sales TO Taxable sales/purch 10000 or more--- i

other person

sales TO exceeds 500000 -- Sales TO Taxable sales/purch 10000 or more--- i

sales TO includes taxable +taxfree goods, on own A/c.+on behalf sales of non resident dealer principal, whether or not principal - Agent, Auctioneer, Non resident dealer shall be liable . Successor

Apply condns seperately for separate financial years.

Voluntary Regn--

if person not liable to pay tax, has vol if person liable to pay tax is succeeded

Sec 4 Charging Section

Sec 8 EXEMPTED / Zero rated -- Sales and Purchases not liable to

- 1 S/P outside state,
- 2 In the course of import/export
- 3 In the course of interstate trade/commerce

4 Exempted by C Govt--

sale of **fuel and lubricants** in aircraft regd outside country , +cou
Air service agreement with India +operating srvice to from India

5 S Govt may exempt by General /special order published in C

- a **By SEZ developer, SEZ unit, EOU** export oriented unit, unit in sc
- b **By** Regd Dealer/class specified in **Foreign Trade Policy of GOI**
- c **By** Regd Dealer to **Canteen Stores dept of Indian Navy**, by Cante
and by unit run canteens to members of armed forces/ exservic
- d trf of property **in processing of specified textiles**
- e **By** unit holding **certificate of entitlement** to whom incentives gra

6 S Govt may exempt by General /special order published in C

- By** Regd Dealer to--
- a S Govt
 - b C Govt
 - c Electricity generating Co
 - d Regd dealer holding licence for distribution/transmission of electric
 - e MTNL
 - f BSNL
 - g Licenced Telephone service provider
 - h Telecom Infra structure provider
-

Sec16 Registration

Mandatory or cannot engage in bus. -- atleast application
Security deposit--**20000 conditional refund**. Forfeited -- no comp
Certificate issued
Liable to pay tax during period Cert is effective. Even if found st
Cancellation --No Business-- Bus discontinued / disposed/ trfd to
Turnover below limit-- TO of sales /purch not exceed limit during

Cert returned

Vol Regn - non comcmt-- not commenced bus within 6 mths of r

Liable to pay tax on sales before date of cancln. Liability whenev

List of all regd dealers published in Official gazette

Cert non transferable

Changes in constitution -- Cert not cancelled , only amended

Rule 8 **Aplcn for Regn.**

Form 101, within 30 days from date when sales/purchase during
Within 60 days of succession to business u/s 44(1) or within 30 c
Single aplcn from principal place of bus, though many places of bu
Classes of goods and nature of business

Sec22 Deptl Audit-- Commissioner may arrange for audit of regd deale
who have **claimed refund, not satisfied correctness of Rtn, o**

Sec61 **TAX AUDIT**

TO of Sales/purchases exceeds **60 L in year / holds Liquor per**
zReportCA/Cost Actt. . One mth delay condoned if reasons. Or penalt
Penalty for incomplete report **0.1% of sales.**
NA to S/C/local govt, railway admn

Sec29 **Penalty and Interest**

Concealment, misclasfcn., excess setoff--penalty =tax on such cor
False documents--voucher, certificate penalty = tax on such c
False exemption-- sales is exempt but fails to comply with cond
False Invoice-- sales are under assessed-- penalty = **1/2 tax o**
Failure to comply with Notice in respect of any proceedings. pe
z ReturrFailure to file Return within time penalty = 5000
Filing incorrect Return----- penalty = 1000
Wrong collection of Tax ---penalty = </2000
Period -- not levy penalty after 8 years
Power -- > 5L by Sales tax officer / Astt Commsr with approval
> 10 L Dep Comsr with approval of joint comsr.

Sec30 **Interest**

Failure to apply for Regn-- simple int, prescribed rate, 1st day of A
Failure to pay tax--- simple int, prescribed rate, 1st day of April of y

Non payment of other amt--simple int, prescribed rate, 1st day of A
25% of tax--after commencement of audit / inspection of A/cs, reg

Sec42 Composition of Tax

Simple schemes , simple procedures of tax for benefit of small d

1 **Notified Retailers** -S govt by notification in the official gazette, pr
9/10 of TO of sales to persons not dealers

NA to manfr./ importer/ who purchases from regd dealer whose s

2 S govt by notification in the official gazette, provide for compositi
hotel, refreshment room, caterers, bakeries , dealers of second han
Dealer --goods in execution of works contract(other than construc
5% of total contract value of works contract in case of **constru**
8% of total contract value of **other contract**, after deducting a

3A S govt by notification in the official gazette, provide for compositi

4 Dealer -- trf of right to use mandap/tarpaulin+other articles -- pa

Restaurant etc.--gradation not of 4 star and above.

1,2

Compsn amt-- RD --5% of TO of sales, U
shall not collect tax/composition amt. sep
Option to join /opt out from scheme chang
not eligible to issue tax invoice.
Cannot claim setoff under MVATRules
Aplcn for composition-- Form 1 for others a

Bakers

3

mfd by baker himself.
Compsn amt-- RD --4% of first 50L TO of
shall not collect tax/compsn amt. separati
Option to join /opt out from scheme chang
not eligible to issue tax invoice.
Cannot claim setoff under MVATRules
Aplcn for comps-- Form 3

Retailers

4

Foreign liquor, country liquor, motor spirits
Compsn amt-- 5% of TO if TO of goods
Other cases -- 8% of TO of sales.

shall not collect tax/compsn amt. separat
Option to join /opt out from scheme chang
not eligible to issue tax invoice.
Cannot claim setoff under MVATR
Rules
Aplcn for comps-- Form 4

Dealers in second hand motor vehicles

5 RD -- principal bus of buying and selling
Compsn amt-- 12.5% of 15% of TO
shall not collect tax/compsn amt. separat
not eligible to issue tax invoice.
Cannot claim setoff under MVATR
Rules
Aplcn for comps-- Form 5

Developers

RD --construction of flats , bldgs and trfs
Compsn amt-- 1% of higher of -- amt in
shall not collect tax/compsn amt. separat
not eligible to issue tax invoice.
He must **not** use goods purchased again
Claimant dealer should make **E payment**
Benefit of composition will **not** be passe

Setoff , Refund, Input credit ----only to RD

Set off means deduction of tax on purchases from tax on sales.
S govt may provide refund/setoff of tax. Setoff/ Refund allowed o
1 paid on **capital assets**
paid for **purchase of goods debited to Trading A/c. Or P &L A**
paid as **entry tax on goods**
paid as **entry tax on motor vehicles**
2 **CST on purchases from outside Mah, VAT paid in other State**
3 Purch to be made **from RD. Tax invoice** --regn **cert** of selling ()
4 If no tax seperately charged then for setoff purpose --**rate again:**
5 **Sale/purch exempted** from sales tax /purch tax, rate of tax applica
6 setoff not exceed tax on same goods actually paid, **except wher**
Provided where tax is deferred under **P**

MVAT against tax invoice-- Claimant dealer should produce tax
due tax on sale has been paid /shall be

Sec49 Refund of tax on declared goods sold in course of inter state
Tax paid under CST Act 1956 on /before 1.10,1958, on declared goods
then tax so paid shall be refunded.

Rule 52 Setoff on or after 1.04.2005

RD shall granted setoff of the following--

- 1 Tax paid on **purchases from RD** being **capital assets** and goods
Vehicle entry tax paid on motor vehicles
Goods entry tax paid on entry of goods into **local area**
- 2 Setoff shall not be granted if setoff been claimed under Rule 51
- 3 Commsr shall in respect of purchase of drugs specified in entry 2
= Maximum Retail Price x 4/104

=====

disposal otherwise than in course of business, gift/mortgage/ hypothecated sale, Mah sale, sale in course of import/ interstate sale/ exports/**stock**

grains, pulses , milk, vegetables , books, agri tools, fruits , fish, eggs , stones and their **jewellery, articles** held in mfg process, IT products, Capital goods--4%. Other than declared petroleum products. From 1.05.11 certain goods--50%.

Income Tax Act 1958, subject to floor rate 20%.

/ any adventure or concern in nature of S/T/C/M

or not profit accrues from STCM

forests, rearing of seedlings/saplings

Capital assets pertaining to STCM deemed to be transaction comprised
ould be **credited/debited to P & L A/c** of business, deemed to be tran
ment/ closure of business , deemed to be tran comprised in STCM
nly sale of goods in course of business.

ate for commission/ remuneration- Includes--

1 the course of bus. buys/sells goods on behalf of Principal whether ()
whether or not auth to sell, P disclosed /not
:SS

auth, port trust , railway, charitable trust etc-- not bus of buying/selling

e

ourc/selling goods in performance of its functions/objects

ehicles-- Motor Vehicles Act 1988 used for hire/reward in respect of p
erson outside Maharashtra(non resident) buys/sells goods in Mah = de
as Dealers

ly goods in Mah or to whom goods are despatched from any place ou

ige in rawmaterial. Commercially different from original goods

red person + process brings about **changes in substance** of origin
fferent article.

e claims, money , stocks, shares , securities , lottery tickets.

l produce thereof attached to land but agreed to be severed /cut

r sold as raddi is sale

ermit/software package, techl knowhow, goodwill, copyright, designs, sin

ayment/valuable con.(exchange of goods), Two entities+movable + con-
roperty in goods **otherwise than under a contract** for cash/def pay

Property in **goods in execution of works contract** include **bldg, constri**
e/immovable property for cash/def payment/valuable con. (though con
ry of goods for **Hire purchase/instalment sale** **Sale price includes h**
right to use (lease) goods for cash/def payment/valuable con. (thoi
n, mach on rent, comp used at cyber café, intangible goods, use of sc
en by non -owner + used for bus/not + period specified /not+any loca
y of goods **by assocn to mems** for cash/def payment/valuable con.
y of goods being **food , drinks or articles for human consumption**

g warranty period, goods given as quantity discount, self consumption
of food, sugar, fertilizer **under levy** under govt order.

sale made, +anything done **before/at** the time of delivery of goods.
, **Prohibition** duties--payable by seller/buyer/other person.
le/not. **Dep returnable within 6mths not included in saleprice.**

action charges, subsidy/grant recd.

ind handling chgs., warranty chgs., compulsory warranty chgs., cess, v

l after deducting sale price refunded on sales returned within 6

includes taxable/non taxable+local/inter state /export sales also
ncludes local purchases only.imported /OMS purch excluded. Taxable

includes taxable/non taxable+ local+inter state +export sales also
ncludes local purchases only.imported /OMS purch excluded. Taxable

of principal+ goods auctioned if price recd by him on behalf of pri
- liable to pay tax/disclosed
/transferee liable on sales/purchases effected on or after succession.

untarily regd, shall be liable to pay tax from date of cert., even on s
l by any person, successor shall be liable to pay tax after sucn ii

› tax

› ntry is party of Convention on Intl and Civil Aviation 1944 +

› fcl Gazette --, **BY**

› ftware **technology** park/ Electronic Hardware Tech Park.

› en dept to unit run canteens,

› emen/ families of deceased

› nted under Package scheme of incentives

› fcl Gazette --,

› city

› liance

› bsequently Cert not necessary.

› different local area-- Commissioner may cancel Cert.

› g any year dealer may apply for cancellation.

regn. -- Commsr --reasonable opportunity-- cancel cert.
ver assessed.

the year first exceeds relevant limit.
lays u/s 44(4)
business.

r from-- **D not filed Rtn** within prescribed dts.,
ther criteria. Can inspect, verify cash/stock but cannot remove book

mit/ holds **Entitlement Cert.** under Package scheme of incentives.
y for non submsn within time **0.1 %of Sales**. >>>>>

concealed sales
concealed sales
ation penalty = **1 1/2 tax** on such concealed sales
n such concealed sales
penalty = 5000

of Deputy Commsr

April of year to date of payment of tax. Not exceed Tax amt.
Year to date of payment of the tax.

April of year to date of order of assessment.

Registers/ entry and search, in consequence of intimation, files revised return

dealers, retailers.

Provide for composition of tax payable, but of reselling at retail.

Wholesale sales not liable to tax or who sells liquor at retail.

Composition of tax payable by dealers running eating house, restaurant (below 100 sq ft), motor vehicles, Indian made foreign liquor/country liquor (under license contracts)--pay lumpsum by way of composition

Construction contract-bldg, dam, rail tracks, drainage, jetties, roads. And **Reciprocity** amt payable towards sub contract to RD. **Can claim 64% of normal sales tax**

Composition of tax payable by RD-- undertake construction of flats / buildings :
1. Residential building : 10% of TO of sales

by 1 1/2 % of TO of sales.

RD -- 10% of TO of sales

to be included in bill

to be paid at beginning of next year.

and Form 2 for caterers

For sales and goods imported out of Mah., URD -- 6% of TO of sales.

to be included in bill

to be paid at beginning of next year.

3. Claimant not mnfr /importer. Taxable goods sold are purchased from outside Maharashtra. **covered by Schedule A and goods taxable @5% is more than 50% of TO including taxfree goods**

ely in bill
ged at beginning of next year.

In CY can claim compsn
Compsn 8% of (Sales
opg/clg st, carriage inwa

g motor vehicles.. Certified for purpose by Jt Commsr. Entry tax beer

ely in bill

. these. Only agreements regd on or after 1st April 2010.

agreement or valuation for purpose of stamp duty.

ely in bill

1st C form

of MVAT

ed on to **subcontractor**.

Refund means returning excess tax paid.

nly to RD

/c.

s or Octroi not eligible for setoff.

dealer was **in force on date of sale.**

st goods in Schedule

ible will be **nil**

he purchase tax is payable by claimant on purchase of said goods

ackage Scheme of incentives of S Govt, then tax shall be deemed

invoice-- regn cert of selling dealer was in force on the date of sale.
paid , invoice signed by seller /auth person.

te trade /commerce

goods--in course of interstate trade and dealer proves that tax under tl

the purchase of which are debited to **P &L A/c.,or Trading A/c.**

or under earlier law

29(a) of Schedule C , held in stock held on 30.06.2007 grant setoff=

=====

ation/ pledge/ charge
trf

meat.

d goods --4% or 5%.from 1.05.11 notified declared goods --5%

in STCM

comprised in STCM--includes sale/purch of capital assets, scrap, consu

disclosed or not.

but ocassionally sell goods --

urchase/sale of transport veh./parts/ components/accessories.
aler

itside Mah.

al goods+

n cards , franchisee

agmt+trf of property . **Not includes--mortgage/hypo/charge/pledge**
ment/valuable con.

rcn, mfr., erecn., modfcn., repairs of
tract for **work** .It is artificiallly treated as contract)

hire charges+ int

ugh goods are not sold , artificiallly treated as contract)

oftware package. But court held lockers given on rent not trf of R to
tion +without trf of possession , covered. Sale price includes charges

for cash/def payment/valuable con.

1

Excludes **transit ins+installation** if seperately charged.

veighment chgs, postage , packg, service chgs by hotels.

mths and deposit refunded within 6 mths.

sales includes local+inter state +export sales also,

sales includes local+inter state +export sales also,

ncipal+

, irrespective of limits of turnover

ales prior to regn.

respective of TO limits.

GENERAL EXEMPTIONS TO SERVICE PROVIDERS-- serv

- 1) To **UNO** and International Orgns.
- 2) To **Developer of SEZ /unit of SEZ**
- 3) To **Diplomatic mission** for ofcl use , and to officers and
- 4) Value of **goods and material sold by SP** if documentary
availed/if availed , SP paid amt credit availed before sale of
- 5) On Specified taxable services **received by EXPORTER** a

- 6) Services **to/by RBI**.

- 7) By Govt dept/public Auth performs **mandatory/ statutory**
hence not taxable eg. Fees of Censor board. But if non sta
- 8) By banking Co/ Fincl instr. / NBFC /other body corporate/ p
- 9) **S Govt agencies** implementing **C Govt schemes** under a

Service tax

REGISTRATION

WHO every person who has provided taxable service of va
Recipient who is liable to pay ST
Input Service distributor

Penalty failure to reg penalty upto 5000. And now-higher of-

Period 30 days of commencing business of providing taxable
new service taxable-- existing SP must regd within 3

Proc **aplcn in Form ST -1 duplicate**

Regn c within 7 days /deemed granted

PAN based Service tax code/regn no.

Multiple locations/services --one regn cert.

cs of A/cs., cash/stock.

>>>> setoff not exceed tax on same goods actual
Provided where tax is deferred under

erns, shall pay 25% of tax as interest

4 star)

**duce setoff by 4%.
etoff.**

and trf them

12.5% on exceeding TO.

om RD

f total TO.

ot more than 50 lakh LY

1 for first 50Lakh
- purchases from RD)--- URD purch ignored.
urd, direct exp to be ignored.

1 paid

1s
to have been received

his Act has been paid,

=====

mables, sale of assets by partner to firm by book entry, barter exchg

) use.
for use

prices provided --

their families for personal use

proof of value of goods/mat. And no credit of duty paid on such goods/mat

and used for export of goods eg.--Gen Ins., Port service, banking, storage

function(services) and collects fees = purely in public interest, statutory function then taxable

person on **collection of tax/duties levied by C/S Govt**

central grant.

value exceeding 9 L in the preceding FY-- ST ofc jursdcn SP ofc/pre

20000 from 1.05.2011/ 200 for every day

le service

30 days

y paid, **except where purchase tax is payable by claimant on pur**
r **Package Scheme of incentives** of S Govt, then **tax shall be deem**

s

ige & warehousing, transport etc.

mises

**chase of said goods
ad to have been received**

