

## Levy and Incidence of VAT in Maharashtra

### Introduction

---

The system of value added tax (VAT) has been implemented in the state of Maharashtra, w.e.f 1<sup>st</sup> April, 2005.

### Incidence of Tax

---

- Every dealer,
  - who, immediately before the appointed day, holds a valid or effective certificate of registration or license under any of the earlier laws or who is liable to pay tax under any of the earlier laws
  - If his turnover of sales or purchases has, in the said year, under any of such earlier laws, exceeded rupees 5 Lakhs.
- A dealer who was an importer in the said year and his turnover of sales or purchases in the said year had exceeded Rs. 1 lakh, is liable to pay tax.
- New dealers, whose turnover of sales exceeds the prescribed limits during any year, commencing on or after 1st April, 2005, are liable to pay tax from the date on which such limit is exceeded.
- A successor in business of any dealer shall become liable to pay tax on and from the date of succession.
- A dealer, applying for voluntary registration, shall be liable to pay tax from the date of registration.

Note: Every dealer who has become liable to pay tax under this Act, shall continue to be so liable until his registration is duly cancelled.

#### Registration

Every dealer who becomes liable to pay tax under the provisions of MVAT, shall apply electronically for registration to the prescribed authority, in Form 101, within 30 days from the date of such liability.

#### The limits of turnover

Type of dealer	Total turnover of sales	Turnover of taxable goods purchased or sold
Importer	Rs. 1,00,000/-	Rs. 10,000/-
Others	Rs. 5,00,000/-	Rs. 10,000/-

Shikha Singhania

Note:

- Total turnover of sales includes all sales whether it be tax free or taxable.
- Both the conditions have to be satisfied for the purpose of liability/registration.
- Turnover of sales shall include all sales made by the dealer on his own account, and also on behalf of his principals whether disclosed or not.
- In the case of an auctioneer, in addition to the turnover of sales, if any, referred to in 1 and 3, the turnover of sales shall also include the price of the goods auctioned by him for his principal, whether the offer of the intending purchaser is accepted by him or by the principal or a nominee of the principal, if the price of such goods is received by him on behalf of his principal.
- In the case of an agent of a non-resident dealer, in addition to the turnover of sales referred in 1, 3 and 4, it shall also include the sales of the non-resident dealer effected in the State.
- For the purpose of calculating the limit of turnover of purchases for liability to tax, the turnover of purchases of the goods that are liable to be purchased, shall be considered. The provisions, as discussed in 1, 3, 4 and 5 in respect of sales, shall apply mutatis mutandis.
- A factor, broker, commission agent, del-credere agent or any other mercantile agent, an auctioneer or a non resident dealer shall be liable to pay tax under this Act, whether, or not the principal is a dealer and whether, or not such principal is liable to pay tax under this Act and whether or not the principals are disclosed.

The article explains the applicability of VAT in Maharashtra on different categories of dealers. The dealers have to get themselves registered within 30 days from the date of the liability, the Commissioner of Sales Tax, Maharashtra, has issued a circular dated 4th May, 2005, whereby a dealer is required to submit required documents along with registration which needs to be self attested and are subject to validations from original.