

## Maharashtra Tax Amnesty Scheme 2022

### Introduction

With a view to be effect to the budget proposals Maharashtra Tax Amnesty Scheme is introduced to provide for settlement of arrears of tax, interest, penalty, or late fee which were levied, payable or imposed respectively, under various Acts prior to implementation of GST.

This Act is called the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2022. It has come into force from the 1<sup>st</sup> April 2022.

### Highlights of the Amnesty Scheme

- It provides for settlement of arrears of tax, interest, penalty, or late fee which were levied, payable or imposed, respectively, under various Acts administered by the Goods and Services Tax Department prior to implementation of GST and for the matters connected therewith or incidental thereto.
- The following Acts get covered under the Amnesty scheme:
  - The Central Sales Tax Act, 1956.
  - The Bombay Sales of Motor Spirit Taxation Act, 1958.
  - The Bombay Sales Tax Act, 1959.
  - The Maharashtra Purchase Tax on Sugarcane Act, 1962.
  - The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.
  - The Maharashtra Sales Tax on the Transfer of Right to use any Goods for any Purpose Act, 1985.
  - The Maharashtra Tax on Entry of Motor Vehicles into Local Areas Act, 1987.
  - The Maharashtra Tax on Luxuries Act, 1987.
  - The Maharashtra Sales Tax on the Transfer of Property in Goods involved in the Execution of Works Contract (Re-enacted) Act, 1989.
  - The Maharashtra Tax on the Entry of Goods into Local Areas Act, 2002.
  - The Maharashtra Value Added Tax (MVAT) Act, 2002.
- Arrears would include outstanding amount of tax, interest, penalty, or late fee payable by assessee as per statutory order, or in the return or revised return or determined and recommended by the auditor in the audit report submitted as per section 61 of the MVAT Act 2002.
- Disputed tax means the tax other than un-disputed tax.
- Un-disputed tax means:-
  - Tax collected separately or payable in the return or revised return under Relevant Act ; or
  - Amount claimed by dealer as deduction as per rule 57 of MVAT Rules or similar rules under Relevant Act; or
  - Amount forfeited under statutory order or excess tax collection shown in return or revised return or Audit Report as the case may be under the Relevant Act ; or
  - Amount tax determined & recommended to be payable by auditor in audit report as per section 61 of MVAT Act and accepted by the assessee wholly or partly; or
  - TDS by the employer and TCS u/s 31A of the MVAT Act; or
  - Tax payable under Profession Tax Act by holders of Enrolment Certificate or Registration Certificate; or

- Amount of disallowed set-off under rules 52A or 52B of the MVAT Rules, which is eligible to be claimed in subsequent period.

- Order of settlement means an order issued under this act for settlement of arrears of tax, interest, penalty or late fee.
- Requisite amount means an amount required to be paid by the applicant under this Act as determined under sections 8 and 9 and as specified in Annexure-A or Annexure-B;
- Return dues means the amount of tax, interest or late fee payable in return or revised return;
- Specified period means any period ending on or before the 30<sup>th</sup> June 2017;
- Statutory order means any order passed under the Relevant Act, raising demand of tax, interest, penalty or late fee;
- Cases litigated by the State by way of an appeal or reference before the Tribunal or Courts will also be eligible for settlement.

### **Eligibility for Settlement**

- The applicant whether registered or not under the Relevant Act, shall be eligible to make an application under this Act.
- The applicant who has availed benefits under any of the earlier Amnesty Schemes declared by the Government shall also be eligible to make application under this Act.
- For settlement under this Act, conditions as per section 11 and other provision of this Act shall be complied with.

### **Requisite amount payable for settlement.**

- The payment of un-disputed or disputed dues and waiver of such disputed dues shall be as specified in either Annexure A or B.
- Where arrears of dues as per statutory order is Rs 10 lakh or less, the payment should be lump sum under one-time payment option as per Annexure A or B.
- Where the arrears are more than Rs. 50 lakhs then the applicant can also opt to pay under instalment option.
- Requisite amount is to be paid under onetime payment option from 1<sup>st</sup> April 2022 to 30<sup>th</sup> September 2022.
- Requisite amount is to be paid under instalment option in the following manner- minimum 25% of requisite amount from 1<sup>st</sup> April 2022 to 30<sup>th</sup> September 2022 and remaining in 3 equal quarterly instalments from the date of application. All instalments shall be paid within 9 months for the date of application.
- In the instalment option, if any payment is paid beyond the due date, then the same shall attract interest @ 12% p.a., and in case all instalments are not paid within 9 months, proportionate benefit as specified in section 8 and 9 shall be granted.
- Payment made on any account before the 31<sup>st</sup> March 2022 shall not be considered as payment of requisite amount.
- No waiver is given in respect of un- disputed tax.
- Waiver of Disputed Tax is as specified in Annexure A and B.

**Conditions for Settlement**

- Appeal pending before the appellate authority under the Relevant Act or the Tribunal or the Court in respect of any statutory order, shall be withdrawn fully and un-conditionally by the applicant.
- Submit acknowledgement of withdrawal of appeal to designated authority along with application.
- Separate application to be made for each class of arrears under Relevant Act and separate application should be made for each financial year.

**Order of Settlement**

- After payment of requisite amount, the designated authority shall pass an order and provide the copy of the said order to the applicant within 3 months from the last date specified.
- The designated authority may, by an order, in writing, reject the application, after giving an opportunity of being heard to the applicant.
- The authority may, on his own motion or on application by the applicant, within 6 months from the date of the receipt of the order of settlement by the applicant, rectify any error apparent from the record.

**Annexure-A**

For the periods commencing on or after the 1<sup>st</sup> April 2005 and ending on or before the 30<sup>th</sup> June 2017

Sr. No (a)	Amount (b)	One Time Payment Option		Instalment Option (if arrears > Rs 50 lakh)	
		Amount to be paid (c)	Amount of waiver (d)	Amount to be paid (e)	Amount of waiver (f)
1	Un-disputed Tax	100%	Nil	100%	Nil
2	Disputed Tax	50%	50%	56%	44%
3	Interest Payable	15%	85%	15%	85%
4	Penalty Payable	5%	95%	5%	95%
5	Post assessment	0%	100%	0%	100%
6	Late fee payable in returns filed on or before 31 <sup>st</sup> March 2022.	5%	95%	5%	95%
<b>OR</b>					
7	If arrears < Rs 10 lakhs	20%	80%	Not Applicable	

## Annexure-B

For the periods ending on or before the 31<sup>st</sup> March 2005

Sr. No (a)	Amount (b)	One Time Payment Option		Instalment Option (if arrears > Rs 50 lakh)	
		Amount to be paid (c')	Amount of waiver (d)	Amount to be paid (e')	Amount of waiver (f)
1	Un-disputed Tax	100%	Nil	100%	Nil
2	Disputed Tax	30%	70%	34%	66%
3	Interest Payable	10%	90%	10%	90%
4	Penalty Payable	5%	95%	5%	95%
5	Post assessment	0%	100%	0%	100%
<b>OR</b>					
6	If arrears < Rs 10 lakhs	20%	80%	Not Applicable	

## CNK Comments

The Goods and Services Tax has been in force for almost 5 years. However, a large number of cases involving outstanding dues and litigations are pending under various Tax Laws which have been repealed and subsumed under Goods and Services Tax. This Amnesty Scheme gives a chance for those dealers who are under financial stress for settlement of arrears by way of partial waiver of disputed tax, interest, penalty or late fee. This scheme is particularly useful in those cases where litigation is devoid of any merit.

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