

LOCAL BODY TAX PRESENTATION

Date: 08th MAY 2013

About us:

Last 60 years in Octroi Business and pioneer in this field.

Serving almost top manufacturing industries, Retail Sectors, IT-ITES Sector, Hospitals etc. all across Maharashtra

Clients not only from India, but from US & Malaysia too.

Strong Network of people for quality & time bound services & thereby enhancing smooth pavement of operations of material for companies viz Thermax, Atlas Copco, SKF India, Alfa Laval, Pudumjee, GKN Sinter, Forbes Marshall, Tata AutoComp and many more...

OVERVIEW:

With onset of Local Body Tax w.e.f 1st April 2013 which replaced with Octroi. The only difference will be no vehicles shall be stopped at Octroi Naka rest all remains the same like rates, verification.

But this Tax comes with more of complex problems and any breach to the payment of LBT will invite “n” of issues which can be taken care off with right consultation and timely management.

WHO NEEDS TO DO REGISTRATION

- A Importer Dealer having
 - turnover of sale / purchase of goods specified in Schedule A is equal to or more than Rs. 5000 &
 - value of goods imported is equal to or more than Rs. 5000 &
 - the turnover of sales / purchases is equal to or more than Rs. 1 lac
- A Dealer other than importer having
 - the turnover of purchase of goods specified in Schedule A is equal to or more than Rs. 5000 &
 - the turnover of sales / purchases is equal to or more than Rs. 1.5 lacs
- A dealer who intends to carry a business on temporary basis.

Person registered under VAT deemed to be registered from the date of registration

Responsibilities of Company Manager

Registration Mandatory-Company to declare name of manager(s) of business in Form F within 30 days and to be revised when name of Manager (s) changes under Rule 18

- Company to maintain register of Purchase and receipt of goods on transfer basis in Form D Rule 19
- Burden of Proof for non- applicability of LBT on goods is on the Dealer under Rule 20
- Issuance of invoice / bill / cash memo on sales specifying name and style of business & address and place of business & registration number & particulars of goods sold and selling price under Rule 21
- Declaration to be mentioned on cash memo / bill invoice under Rule 22

Liability of Firm

- Jointly & Severally of each Partner
- Incase of Retirement of the Partner
 - Intimation within 60 days – Liability restricted to the unpaid amount till his retirement.
 - No intimation – Liability of the Retiring Partner will continue to be jointly & severally liable till the date intimation is given

Above Liability will continue even Assessment or Quantification of Liability is done after the date of retirement

Declaration to be mentioned on Every Invoice

Every Vendors Supplying Goods within PMC Zone needs to give

Declaration on every Sale Invoice by the Dealer – “I/We hereby Certify that My/Our Registration Certificate Under these Rules is in force on the Date on which the Sale of the goods specified in this bill/invoice/cash memorandum, is made by me/us and that the transaction of sale covered by this bill/invoice/cash memorandum, has been effected by me/us in the course of my/our Business.”

This is mandatory

NECESSARY STEPS:

- Registration is Mandatory under LBT for each facility located in Corporation Limits
- Registration certificate should be displayed at each location like Shop Act License
- Each Sales invoice should have LBT registration if goods are purchased with Corporation Limits along with the declaration.
- Sale more than Rs 500 mandatorily should be against invoice
- Each movement of goods needs to be invoice as the authorities have got the right to inspect the vehicles and the documents.
- Collection of LBT Registration Document of the Vendor is necessary else needs to pay the amount as Burden of Proof

Certain Provision for Lump Sum Payment if Turnover

**This is revised by CM but Govt Resolutions needs to confirm

Slab No.	Turnover of all Purchases during A year	LBT payable
1.	Up to Rs. 1 lac	Nil
2.	1lac to 2 lacs	4000.00
3.	2lacs to 3 lacs	6000.00
4.	3lacs to 4 lacs	8000.00
5.	4lacs to 5 lacs	10000.00
6.	5lacs to 6 lacs	12000.00
7.	6lacs to 7 lacs	14000.00
8.	7lacs to 8 lacs	16000.00
9.	8lacs to 9 lacs	18000.00
10	9lacs to 10 lacs	20000.00
11	More than 10 lacs	According to Schedule A

Payment to made within 1st to 20th of sebquent of every month.

In addition to This Certain Returns needs to submitted

No.	Caterory no.	Period	Type	Due Date Period
1.	Normal Dealer	HLY	E-I	15 Days
2.	Normal Dealer	YLY	E-II	15 Days
3	Lump sum Option	YLY	E-II	15 Days
4	Temporary Registrant	Monthly	E-I	10 Days

** Temporary Registration needs to be applied 15 days before to Commissioner with exact cause of Business like Exhibitions

CHECKING OF RECORDS- ASSESSMENT

- Assessment will be done for each period based on the return furnished by the dealer
- Assessment will be done by Commissioner if a dealer,
 - fails to file the return
 - files incomplete & incorrect return
 - in case of refund
 - on cancellation of registration
 - non registration
 - non-compliance of Notice for filing return

CHECKING OF RECORDS- ASSESSMENT

- The period of limitation is 5 years
- Notice to be issued in Form H and personal hearing is to be granted only after 15 days on service of the Notice.(**Issued purposely late so that 2-3 days are only granted**)

- Assessment order will be issued in Form J

- Assessment

case records should be preserved for 10 years

—Following the period to which the Assessment relates or 3 yrs. Next following the completion of the proceeding

RE-ASSESSMENT

- Commissioner can re-assess based on the documentary evidences within the period of 3 years from the date of communication of Assessment order after issuing Notice in Form K and granting opportunity of personal Hearing

NECESSARY STEPS:

- Since assessment and re-assessment can be made, records and return needs to be preserved and need to be made to LBT authorities as demanded. Failing of the same may attract prosecution along with Fine.
- No Seperate Tribunal Exists , hence Commissioner Decision remains binding and needs to pay as Demanded
- Description on each invoice along with other details like Goods, PO, Taxes, Discounts, MRP etc should be properly made in order to calculate the the liability of LBT
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Duties & Responsibilities of Commissioner

- Commissioner to recommend New List of Commodities for LBT to the Govt. before 1st of Jan. of the every year with justification to State Govt
- Commissioner to notify the New list under “**Schedule A**” on or before 20th Feb. of the same year & the LBT will be charged for the coming next Final Year
- To fix the Tariff value of goods in certain cases - Rule 24
- **To determine fair market value after granting personal hearing under Rule 25**
- **To inspect the goods in transit under Rule 26**

Others Power Empowered to Commissioner

- Powers to call information for statistics under Rule 50 & 51.
- Publication & disclosure of information w.r.t. dealers under Rule 53. Also Refer to Form K which also calls for Imprisonment and Fine
- During the pendency of Appeal, Commissioner is empowered to issue notice for enhancement of the dues
- Powers of provisional attachment to protect the revenue

PENALTY UNDER CERTAIN CLAUSES

Carried out business without registration

Sum not exceeding 10 times the amount of LBT payable.

Delayed payment of LBT

Simple interest

- 2% for first 12 months
- 3% till the time payment is discharged

Fail to comply with the notice w.r.t. assessment/ reassessment, production and inspection of accounts and documents

Sum not exceeding Rs10000

PENALTY UNDER CERTAIN CLAUSES

Fail to disclose the entry of goods, inappropriate liability, inaccurate deduction/refund etc.

Sum not exceeding 5 times the amount of LBT payable

Failure to Issue bill/invoice / Cash memo

Sum not exceeding double the amount of LBT payable

Delayed Returns

Sum not exceeding Rs. 5000

Payment due to Assessment Order

Simple interest @ 2% per month from the end of the period for which Assessment was done till the date of Assessment Order, subject to interest amt. done not exceed the LBT amt.

PENALTY UNDER CERTAIN CLAUSES

Failure to maintain accounts in the manner prescribed by the Commissioner

Penalty not exceeding Rs. 5000 or double the amt. of LBT due whichever is less

Wrong Information on Bill, memorandum, voucher, declarations etc.

First occasion of wrong information, penalty not exceeding twice the amount of LBT

- subsequent occasions
penalty not exceeding 5 times the amt. of LBT

APPEALS

- Appeals have to be filed in Form S along with declaration before Appellate Authority and to be submitted by registered post
- Hearing will be granted after giving minimum 10 days notice period
- If Ex Parte order has been given, application to be made within 30 days on receipt of such Ex Parte order for setting aside. Applications only in genuine cases of non-receipt of intimation of notice & other sufficient reasons for not appearing before the Appellant

ISSUES RELATED TO COMPLEX PROCESS OF LBT

Maintaining of Purchase/Sales Rejection/ Intrazone / Stock-transfers/Outward Movement of Goods in according with LBT Rules

Payment on Monthly Basis with huge pile of records with proper percentage of LBT rates & classification.

Continuous Checking of physical records

Verification and Re-Checking and thereby inviting “Inspector Raj”

Interest and 10 times Penalty of evaded amount shown after verification.

Tariff Value and fair market value as disclosed by Corporation in case of Valuation is less as mentioned in our Purchase register

ISSUES RELATED TO COMPLEX PROCESS OF LBT

Verification of any goods brought in Zone and Continuous Monitoring on Ownership of material.

Presumption and Burden of Proof, incase of LBT registration not done by Intrazone Vendors

Refund of LBT only after payment of LBT inward movement within time span of 180 days and thereby submission of necessary document.

Continuous checking from LBT Department at your premises for physical records

ISSUES RELATED TO COMPLEX PROCESS OF LBT

Non-Clarity of Rules itself to LBT department may pose one of biggest challenge to implement and work in tandem with them

Non fulfillments of demands & commitments related to any query of LBT department under Rule 17(7) shall issue public notice in general and also provide cancellation of LBT registration , which may pose threat to operations. This is same in line as closure of Current Accounts as previously held

OVERCOMING THE CHALLENGES

Every Inward of Purchase/ Sales Rejection/ Intrazone/ Stock Transfer/ Outward shall be closely monitored thr' system orientation mutually which shall ensure proper tracking of invoice/s of any vendor, as in case octroi receipt.

The photocopy of Invoice/s shall be retained & recorded there by calculating LBT amount of the said transaction. This may be with submit to you or to any concerned department if demanded in future.

To avoid piles of records and Rate difference issues, payment can be made on weekly/bimonthly basis. This shall ensure maximum efficiency rather making payment on last minute.

OVERCOMING THE CHALLENGES

With the said system, this shall ensure at any point of Audit & Reassessment, NO Harrasment shall be made from the PCMC authorities as documents and records can be made in no time.

The process of weekly payment of many inwards/sub-contracting/ Sales Rejection/ Purchase Rejection can be proposed to assessed by LBT authorities, thereby avoiding, Interest & penalty at later stages

No “kickbacks” to any LBT authority and thus ensuring always a clear transparency in all transactions

Subjects like LBT on Sales Rejection, Demonstration, Processing Basis, back to town consignments if any can be handled simply which shall add up more savings, considering LBT refund procedures.

Our Services

Registration of LBT at all Municipal Corporations

Implant Services to work closer with documentations and execution of services within company

Payment to Municipal Corporations on your behalf (like in Octroi) and thereby claiming at later end.

Submission of **Monthly data**.

Submission of **Annual Returns (E-I and E-II)**

Refund Formalities

Assisting you in Checking and Re-Checking if any

Payment of Octroi & Octroi Refund can also be arranged in Mumbai as normal

THANK YOU

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