



## **Business Reform Action Plan 2016** **Response by Government of Maharashtra**

**Area 9b:** Inspection of the business premises for VAT (Value Added Tax) registration

**248:** Publish a well-defined inspection procedure and checklist on department's web site

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**Response:** **Yes**

**Remarks:**

The Maharashtra Sales Tax Department does not conduct any physical inspection before the grant of VAT registration certificates. If an application for VAT registration is correct and complete in all respects, the certificate is granted within one working day from the date of application, after verification of the scanned documents and copy of challan submitted online by the applicant. The entrepreneur is not summoned for photo or signature verification. In case of any discrepancies in the application or documents submitted, the applicant is notified and further clarification is sought. However, only in the instance that an adequate response to the department's queries is not received, further physical interrogation may be necessary.

**Supporting Documents:**



Government Of Maharashtra

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Rajiv Jalota  
COMMISSIONER of Sales Tax,  
Maharashtra State, Mumbai.

Office of the Commissioner of Sales Tax,  
Maharashtra State, Mumbai  
8<sup>th</sup> Flr. Vikrikar Bhavan, Mazgaon,  
Mumbai - 400 010.  
DO Letter – CST/MAHAVIKAS/MAKE IN MAHARASHTR  
B- 1110 Mumbai, Date: - 17/03/2016.

**Subject:-** Compliance of DIPP recommendations under the 'Ease of Doing Business' initiative.

A meeting under the chairmanship of Principal Secretary (Industries) was held on 2<sup>nd</sup> March, 2016 for review of status of implementation of DIPP recommendations by the Sales Tax Department. As directed in the meeting, compliance about E-service centres, granting of refund within 60 days, border check posts and inspection for VAT registration is submitted as follows-

DIPP has given various recommendations under the 'Ease of Doing Business' initiative to implement the reforms by the Sales Tax Department. The DIPP recommendations, DIPP No. 205 and 207 are about e-filing at service centers and grant of refund within 60 days. The compliance of both these points is as follows:

Sr. No.	DIPP No.	Recommendations	Compliance
1	205	Ensure that users are provided assistance for e-filing at service centers	Various E-services of the sales Tax Department have been in place since 2009. Preparation of compliances like e-returns or preparation of applications like application for refund to be submitted online by the dealer requires legal advice/expertise. The dealers hires the services of Sales Tax Practitioners/ Chartered Accountants/ Advocates for preparation of the compliances being highly technical in nature i. e. it requires the knowledge of business of the dealer, accounting and the Act/Rule etc. As regards to technical queries related to uploading those applications/compliances prepared in such manner, the Sales Tax Department has made available the help desk numbers location wise for the dealers. Help desk Officials help to resolve the problem related to uploading the documents of the dealers. This practice is well established. The service centre employees cannot have the legal expertise for preparation of the applications/compliances as per the requirement of different type of dealers having different legal requirements. There is no need of having separate service centres for this purpose as these centres will act merely as uploading centres getting meagre/no response as prepared documents



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			are uploaded either by the dealer or by his legal representative. Hence, no one will turn out to the service centres only for uploading purpose once the document is prepared. Hence, this recommendation is not applicable for the Sales Tax Department.
2	207	Mandate that the VAT refund payment should directly be paid into organization's account within 60 days	The reform has been implemented from 06/02/2016. Copy of circular number 5T of 2016 dated 06/02/2016 is enclosed here with for ready reference.

Further, the DIPP recommendations, DIPP No 210 and 211 are regarding publishing forms relating to information captured at check posts to be made available online and implementation of random checking by mobile squads. The Department has complied with these recommendations. The DIPP recommendations and the compliance are as follows-

Sr. No.	DIPP No.	Recommendations	Compliance
1	210	Publish forms related to information captured at check posts been made available online	Maharashtra Sales Tax Department does not have any border check post. The movement of goods is not checked physically at check post. Further, the Department also does not have any mobile squads to track the movement of goods on random basis. The movement of goods is verified on the basis of documentary evidences submitted by the dealer. The practice followed by sales tax department is more dealer friendly than the DIPP recommendations. So the DIPP recommendations may be treated as complied. DIPP may recommend this as the 'Best Practice' for the other states.
2	211	Phased out static check posts and implement random checking by mobile squads.	

Furthermore, DIPP recommendations No. 248 to 252 are about Inspection of the business premises for VAT (value Added Tax) registration. The DIPP recommendations and the compliance are as follows-

Sr. No.	DIPP No.	Recommendations	Compliance
1	248	Publish a well-defined inspection procedure and checklist on department's web site	No visits prior to grant of registration certificate are paid to the premises of the applicant. If application is correct and complete as per the trade circular no. 7T of 2015 and 10T of 2015 in all respect, registration certificate is granted within one working day of date of filing of application, after verification of the scanned documents and copy of challan without calling the applicant for photo and signature verification. Thus, no inspection is done pre or post registration and no visit is paid to the place of business of the dealer like labour or other departments. In View of the above, it is clear that the practice followed in Maharashtra Sales Tax
2	249	Design and implement a system for identifying establishments that need to be inspected based on computerized risk assessment	
3	250	Mandate online submission of inspection report within 48 hours to the Department	
4	251	Allow users to login to the portal and view and	





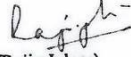
Government Of Maharashtra

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Sr. No.	DIPP No.	Recommendations	Compliance
		download submitted inspection reports on their businesses	Department for registration is dealer friendly. Since no inspection is done pre or post registration, the DIPP recommendations may be considered as complied.
5	252	Design and implement a system for computerized allocation of inspectors	

Copies of the Trade circular no. 71 of 2015 dated 19/05/2015, 10-1 of 2015 dated 07/07/2015, 5T of 2016 dated 06/02/2016 of the Sales Tax Department and the Government Resolution dated 19/07/2015 under Maharashtra Right to Services Act are enclosed herewith for ready reference.

I would request you to consider the compliance and update the status of implementation of DIPP recommendations accordingly.

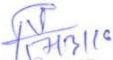
  
(Rajiv Jalota)  
Commissioner of Sales Tax  
Maharashtra State

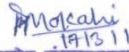
To,  
The Development Commissioner (Industries)  
Directorate of Industries,  
New Administrative Building,  
Mantralaya, Mumbai

Copy submitted to

- 1) Additional Chief Secretary,  
Finance Department Mantralaya Mumbai
- 2) Principal Secretary (Industries)  
Department of Industries, Mantralaya, Mumbai



  
अपर मुख्य सचिव (वित्त)  
यांचे स्वायत्त सहायक  
वित्त विभाग, मंत्रालय,  
मुंबई-४०००३२.

  
19/12/16  
उद्योग संचालनालय  
नवीन प्रशासन भवन  
मंत्रालयसमोर, मुंबई ४०० ०३२