

Ref. No.: MCHI/PRES/18-19/285

To,
Shri Sudhir Mungantiwar
Hon'ble Minister of Finance, Planning and Forest Department
Government of Maharashtra
Mantralaya,
Mumbai.

Respected Sir,

**Reg. : MVAT - Ease of doing business, High Pitch Assessment for NO
REAL BENEFIT TO THE STATE**

Our state being, COMMERCIAL CAPITAL of the country and trend setter of the Economic and financial policies which is followed by the rest of India, we would like to draw your attention to the ground reality.

As the economy is passing through tough time, facing severe liquidity crunch and demand recession particularly the REAL ESTATE SECTOR, which needs strong dose of RELIEF in the form of Relaxation in landing norms for REAL ESTATE Sector, stability and clarity in the State and Central laws particularly MVAT & GST and Foreign Direct Investment.

Our members have, off late, started facing HIGH PITCH ASSESSMENTS under the MVAT Act 2002, where the members have paid tax at the applicable as per the notification dt. 9.7.2010 bearing no. VAT-1510/CR-65/Taxation-1 issued by the government @ 1% on Registration of Agreement for Sale of Flat DURING ITS CONSTRUCTION STAGE and paid FULL LIABILITY as per the terms of the said notification. Thus the liability paid fully, truly, properly and correctly without violating any of the condition of the said notification. There is no loss of revenue. For your ready reference copy of said notification is enclosed. Yet the Department is assessing the Builders @ 5% u/s 42(3A) of the value (Instead of 1%) on flimsy grounds and increasing the workload of the appellate authorities.

In this regard we would like to submit as under:-

1. We are **PROPERTY DEVELOPER / BUILDER**
2. Nowhere in the said notification, it is prescribed that
 - a) The builder is NOT LIABLE to deduct WCT TDS u/s 31 of the MVAT Act
 - b) There is BAR on sub-contractor on charging the rate of VAT out of any permissible methods prescribed under the Act.
3. Our member has fulfilled **all the conditions that have been laid down in the said notification viz.**
 - a) The dealer shall not claim any ITC in respect of goods used in the construction of flat.

PRESIDENT
Nayan A. Shah

IMMEDIATE PAST PRESIDENT
Mayur Shah

VICE PRESIDENTS
Deepak Goradia
Boman Irani
Harish Patel
Nainesh Shah
Domnic Romell

ADDL. VICE PRESIDENT
Sukhraj Nahar

HON. SECRETARY
Bandish Ajmera

TREASURER
Mukesh Patel

SPECIAL PROJECTS
Parag Munot
Sandeep Raheja
Jayesh Shah
Sanjay Chhabria
Rasesh Kanakia

HON. JOINT SECRETARIES
Navin Makhija
Sandeep Runwal
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JOINT TREASURER
Nayan Bheda
Munish Doshi

CO-ORDINATORS
Sandeep Shah
Tejas Vyas
Shailesh Sanghvi
Pritam Chivukula

COMMITTEE MEMBERS
Jagdish Ahuja
Jitendra Jain
Deepak Gundecha

INVITEE MEMBERS
Praful Shah
Rajesh Prajapati
Sachin Mirani
Nikunj Sanghavi
Rajeev Jain
Shyamal Mody
Digant Parekh
Rushank Shah
Samyag Shah
Jayesh C. Shah
Sunny Bijlani
Sahil Parikh
Naman Shah
Suhail Khandwani
Ricardo Romell

PAST PRESIDENTS
Dhamesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS
PRESIDENT, THANE
Ajay Ashar

PRESIDENT, KALYAN-DOMBIVLI
Ravi Patil

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Ateeque Khot

PRESIDENT, NAVI MUMBAI
Prakash Baviskar

- b) The dealer shall not affect any purchase against 'C' form
- c) The dealer shall not issue for no. 409/406
- d) The dealer shall not issue tax invoice
- e) The dealer shall not charge the method of computation of tax liability.

Therefore, in our opinion, our member have SQUARLY covered by the said notification and has RIGHTLY Collected VAT @ 1% on Registered Flat during its construction stage. There is no justifiable reason for denying benefit notification dt.9.7.2010.

Such High Pitch Assessment also puts pressure of financial liquidity of the members, where by the smooth functioning of the construction industry get adversely impacted, which is the SECOND LARGEST INDUSTRY in terms of employment generation.

Uncertainty of liability, subjectivity in assessment and unfettered powers to the officers will definitely go against the EASE OF DOING BUSINESS in the state of Maharashtra. Such arbitrary assessment in the case of builders and developers, where tax liability is determine 400% more than the admitted liability causing more litigation and also adversely impact the liquidity of builder and increase the burned of judiciary which is already over burden.

Your intervention in the matter will reduce the litigation, bring uniformity and transparency in the assessment and increase the reputation of the state of being industry friendly state and help in retaining the leadership of commercial capital of the country.

CREDAI-MCHI's PRAYER

We, therefore, request your honour to consider the facts of the case in proper prospective to mitigate the hardships of the already sagging construction industry by giving suitable instructions to the MVAT Department.

- 1 To admit the appeal without any part payment.
- 2 To dispose of the appeal within time frame of 1 to 3 months.

Thanking you,

Your sincerely,
For CREDAI-MCHI



Nayan A. Shah
President



Bandish Ajmera
Hon. Secretary