

Office of the
Commissioner of State Tax Maharashtra
State, Mumbai.
1st Floor, GST Bhavan, Mazgaon,
Mumbai-400 010.

TRADE CIRCULAR

To,

No. ACST (VAT-2)/MVAT/Security Deposit/2020-21/Mumbai, B-205 Dt. 29/7/2020

Trade Circular No. 10 T of 2020.

Subject : Grant of refund - Security Deposit paid at the time of Voluntary Registration under MVAT Act, 2002.

Reference : (1) Trade Circular No.17T of 2011 dated 25.11.2011.
(2) Trade Circular No. 7T of 2013 dated 22.11.2013.
(3) Trade Circular No. 6T of 2016 dated 23.02.2016.
(4) Trade Circular No. 34T of 2017 dated 03.08.2017.
(5) Trade Circular No. 53T of 2017 dated 22.12.2017.
(6) Trade Circular No. 26T of 2018 dated 10.10.2018.
(7) Notification No. VAT-1518/C.R.33/Taxation-1 dated 19.09.2018.
(8) Internal Circular No.31A of 2018 dated 25.10.2018
(9) Notification No. VAT-1518/C.R.64/Taxation-1 dated 01.07.2020.

Dear Sir/Madam/Gentlemen,

1. Your attention is invited towards the Trade Circular cited at Ref. (6) above wherein the provisions relating to the voluntary registration vis-à-vis refund of Security Deposit were explained. The said Trade Circular has also explained the legal aspects and procedure to be followed for submission of application for the refund of Security Deposit. Further, you are also aware that the rule 60A of Maharashtra Value Added Rules, 2005 (hereinafter referred to as "MVAT Rules") stipulates certain conditions for refund of Security Deposit of Rs. 25,000/- which is paid at the time of obtaining voluntary registration. The conditions given in the said 60A are as follows:

- (1) The application for the refund shall be made on or before the dates mentioned in the clause (a) and (b) of sub-rule (2) of said rule 60A.
- (2) The said dealer has filed all the returns due upto the date of application for

refund, or upto the date of cancellation of registration certificate.

(3) The said dealer has paid the tax dues as per the said returns.

2. As a result of amendment to section 16 of the MVAT Act, with effect from 1st July 2017, the registration certificates of the dealers who have not effected sale of any goods specified in Schedule A or Schedule B appended to the MVAT Act, during the year 2016-17, were deemed cancelled. Accordingly, Trade Circular(s) cited at Ref. above, were issued from time to time to explain the modalities and the time limit within which such dealer may make application for refund of the said Security Deposit of Rs. 25,000/-. The application for refund of Security Deposit was required to be made on or before 31st March 2019.
3. However, after expiry of the said time limit i.e. 31st March 2019, this office has received various representations from the Trade and Associations wherein it was brought to the notice of this office that large number of dealers could not file applications for said refund. In order to mitigate hardship, it was requested by the Trade and Associations that time limit provided for submission of application for refund of security deposit of Rs. 25,000/- be extended.
4. In the light of the aforesaid representations, the Government of Maharashtra, Finance Department has examined the said representations and accordingly, a Notification No.VAT-1520/C.R. 64/Taxation -1, dated 1st July 2020, has been issued and the time limit provided in rule 60(A) for submission of refund application is extended from 31st March 2019 to 31st March 2021. After this amendment the said sub-rule (4) of rule 60A reads as under:

"(4) Notwithstanding anything contained in sub-rule (2) and clause (c) of sub-rule (3), where rupees 25,000 deposited as security deposit under proviso to sub-section (2) of section 16 has not been refunded, then in such case the application for refund may be made on or before 31st March 2021 and the provisions of clause (a) and clause (b) of sub-rule (3) shall be applicable for such cases."
5. As a result of said extension, the following procedure may be followed: -
 - (a) where the application for refund of security deposit is filed beyond the time limit specified in rule 60A i.e. on or after 1st April 2019 and such application is pending with the registration authority (includes the assessing authority) for decision; or
 - (b) where the assessing authority has rejected the refund application on the ground

- that said refund application is filed beyond the time limit given in rule 60A or for the want of proof of payment of security deposit or for any other reasons and where the applicant has not filed any appeal against said rejection; or
- (c) where against said rejection order made by assessing authority, the applicant has filed the appeal and the appeal is pending with any appellate forum; or.
 - (d) where dealer has failed to make an application for refund for whatsoever reasons on or before the 31st March 2019.

6. In the cases referred in,-

- (a) Para 5(a) above, the said authority shall dispose the refund application for so received as per the provisions of section 16(2A) of the MVAT Act read with rule 60A of the MVAT Rules, [See sub-rule (3) of rule 60A].
- (b) Para 5(b) above, in all such cases refund application so filed and processed shall be deemed to be restored. In case, any additional information is required to process the refund then same may be sought through an e-mail. Accordingly, the such refund applications shall be disposed. [See sub-rule (3) of rule 60A].
- (c) Para 5(c) above, in all such cases where the appeal is pending at any appellate forum, then, the said appellate authority, including Hon'ble Maharashtra Sales Tax Tribunal shall decide the said refund application in terms of amended sub-rule (4) of rule 60A i.e. considering the extension of time limit till 31st March 2021.
- (d) Para 5(d) above, where the application for refund of Security Deposit as required under rule 60A of the MVAT Rules has not been filed, then, same **shall be submitted to the concerned Nodal Officer on or before the 31st March 2021,**
- (e) During the processing of refund of security deposit of Rs. 25000/- all the refund processing officers are instructed not to insist the copy of Challan or proof of the payment of the security deposit Rs.25000/- made by the dealer during the voluntary registration.
- (f) The refund processing officer while processing shall ensure that the dealer has not obtained the refund of security deposit earlier against the said registration number. In short the officer shall take every care that there should not be double refund against the said registration number.

7. Needless to say that during the Covid-2019 pandemic, the dealer who desires to submit a refund application or the additional information or a request in respect of refund application already submitted, then, the said dealer may send it through an e-mail. All

the authorities are directed to take the appropriate cognizance of the communications/request so received in respect of the refund application.

8. It is reiterated that there is no necessity of submission of fresh application where the refund application is already submitted i.e. any time on or before the issuance of this circular or where the refund application so filed is pending or is rejected or where against such rejection an appeal has been filed.
9. As a consequence of aforesaid amendment to rule 60A of the MVAT Rules, the Trade Circular 34T of 2017 dated 3rd August 2017 and 26T of 2018 dated 10th October 2018, stands modified to the extent as stated herein above.
10. It may be noted that this Circular cannot be made use of for legal interpretation of provisions of law, as it is clarificatory in nature. If any member of the trade has any doubt, he may refer the matter to this office for further clarification. You are requested to bring the contents of this Circular to the members of your associations.

Yours faithfully,

Sd/-

(Sanjeev Kumar)
Commissioner of State Tax,
Maharashtra State, Mumbai.

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Trade Circular No. 10 T of 2020.

Copy to the Joint Commissioner of State Tax, (MAHAVIKAS) with a request to upload this Trade Circular on MGSTD web-site.



(D. M. Thorat)
Addl. Commissioner of State Tax,
(VAT-02), Maharashtra State,
Mazgaon, Mumbai.