

Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2022

Background

The Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2022 shall come into force on the 1 April 2022. This Act is introduced to provide for settlement of arrears of tax, interest, penalty or late fee which were levied, payable or imposed, respectively during period ending on or before the 30 June 2017 under various Acts administered by the GST Department and for the matters connected therewith or incidental thereto.

Eligibility for settlement

Any applicant (whether registered or not under the Relevant Act) including applicant who has availed benefits under any of the Amnesty Schemes. Cases litigated by the State are also eligible for settlement.

Adjustment and determination of arrears of tax, interest, penalty or late fee, eligible for settlement

Any payment made on or before the 31 March 2022 shall be adjusted in following manner:

- un-disputed tax
- disputed tax
- interest and
- penalty and the late fee, sequentially.

Post this, amount remaining outstanding as on the 1 April 2022 or any demand raised for the specified period during the period from 1 April 2022 to 30 September 2022 shall be considered for the settlement.

Payment options

- One Time Payment option.
- Instalment option in case arrears > INR 50 lakhs



Other key aspects

- Any arrears amounting to INR 10000 or less per financial year as on the 1 April 2022 along with post assessment interest shall be written off.
- Separate application for each class of arrears for each financial year along with proof of payment shall be submitted.
- A delay of upto thirty days may be condoned in case the applicant could not apply within time however has already paid requisite amount.
- The payment made on or before the 31 March 2022 shall not be considered as a payment towards the requisite amount.
- The applicant shall not be entitled to any waiver in respect of un-disputed tax.
- In case payment made is less than the requisite amount, the designated authority shall compute the proportionate amount of waiver admissible in proportion to the requisite amount paid by the applicant.

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Relevant timelines

Particulars	Time period
Submission of application	1 April 2022 to 14 October 2022
Duration of the payment	One-time payment option- 1 April 2022 to 30 September 2022. Instalment option- Minimum 25% during the period 1 April 2022 to 30 September 2022. Remaining amount in 3 equal quarterly instalments from the date of the application, failing which, interest at 12% p.a. would apply. All instalments to be paid within 9 months from the date of the application.
Passing of order	One Time Payment option- 3 months from the last date specified for payment Instalment option - 3 months from the date specified for payment of last instalment of the requisite amount
Application for rectification of error	60 days from the receipt date of order
Rectification of error by authorities	6 months from the date of the receipt of the order by the applicant
Appeal	60 days from the order date
Review of Order	12 months from the date of service of order
Revocation of order of settlement	2 years from the end of the financial year in which the order of settlement has been served
Power to remove difficulty.	One year from the date of commencement of this Act.

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Category of arrears	One-time payment option*		Instalment option	
	Amount to be paid (remaining waived off) for arrears			
	Up to 31 March 2005	1 April 2005 to 30 June 2017	Up to 31 March 2005	1 April 2005 to 30 June 2017
Disputed tax	30%	50%	34%	56%
Undisputed tax	100%	100%	100%	100%
Interest	10%	15%	10%	15%
Outstanding penalty	5%	5%	5%	5%
Post-assessment interest or penalty - not levied up to the date of application	Nil (100% waiver)	Nil (100% waiver)	Nil (100% waiver)	Nil (100% waiver)
Late fee payable in respect of returns filed on or before 31 March 2022	Not applicable	5%	Not applicable	5%

* Lumpsum payment where arrears involve 10 lakh - 20% of the arrears to be paid under one Time Payment option