

**Queries regarding LBT received from members of MCCIA as of 26<sup>th</sup> March 2013**

Sr.no	Questions	Answers
1	<p>When a organization Import the material from outside India by AIR to Mumbai airport and get it customs cleared in Mumbai and when that they bring it to company's premises within PCMC &amp; they have filled up N Form as waiver for Octroi payment within Mumbai Municipal Corporation.</p> <p>How does LBT address this?</p>	<p>Whatever taxable goods imported I in PCMC limit is liable to payment of LBT.</p>
2	<p>When any organization make sales from their premises within PCMC to a company situated outside PCMC, do they get the 90% set off of LBT paid on the procured material?</p>	<p>Yes, subject to provisions i.e if any goods is brought in corporation limit and if it is sold out of PCMC limit within six months without making any change in the imported goods then 90% of the LBT paid will be returned.</p>
3	<p>When any organisation sale from their premises within PCMC to a company situated outside PCMC, do they need to register as non-resident in that Municipal Corporation?</p>	<p>Registration is a must.</p>
4	<p>If any organizations get the material for processing (irrespective of the nature of processing) they have to pay LBT on inward material. if the same is going out from their premises after processing / job work / labour work.</p> <p>Is there any separate category to be mentioned for such activities in LBT and there should not be any LBT for inward material, processing costs or any other activity.</p>	<p>Read Rule No. 28(4)</p>
5	<p>If any organization having VAT registration from sales tax department are required for LBT registration?</p>	<p>It is deemed to have been registered but corporation needs necessary information about the trader therefore trader is required to fill the form only. He needs to fill in VAT no. email, mobile no.</p>
6	<p>If the office of the company is located in PCMC areas but have their godwon outside the limit of PCMC. The material directly unloaded at godown &amp; then sold along with accessories without any processing. As of now they are not paying for Octroi . All the above mentioned material is invoiced to the Factory address in PCMC area.</p> <p>What will be status in LBT ?</p>	<p>Non taxable Subject to rules.</p>
	<p>When LBT is Entry Tax, why it is charged on stamp Duty?</p>	<p>As of now we have not received any order regarding this issue.</p>

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7	For Stamp Duty of flat purchased, who will bear LBT? Builder or Flat Purchaser ?	
8	For e.g. Welding machine ( alongwith accessories) taken to customers site (anywhere in India) for carrying out labour works only (material and consumables of customers) and bring back the welding machine as in original condition itself. Whether A) Only labour charges invoicing done with service tax ? B) VAT not applicable ? C) Importing machines for stocking in Bhosari and sale anywhere in India – as per orders received. VAT or CST will be as applicable? 3. For taking the welding machine : *within PCMC area *PCMC to PMC area * Outside Pune limits. What will be the effect of LBT ?	A ,B and C are not related to LBT.  3. If welding machine is sent out side PCMC for job work and if it is brought back without making change LBT is not applicable to this.
9	The processes like heat treatment , blacodising , anodizing under which no change in Size, Shape & Weight of material and it is returned back to client, after processing. These have not been included in Rule 28, Sub rules (3) and (4) displayed on internet .  Whether they are applicable for exemption?	The definition of processing is given in Rule no. 28(4). Please refer to it.
10	If any organization having it's corporate office in PCMC area & this address displayed on the sales bills. The godown & delivery office is outside PCMC limit.  Whether LBT is applicable in this case ?  whether filling of Nil returns are mandatory ?	No but It will vary from case to case.
11	Rate of interest for payment not made time 2% per month is higher side Central Excise & Sales Tax dept charges only 18% per year .	No comment.

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	Is there any chances of reducing it ?	
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12	Whether monthly payment of LBT will correlated with sales tax payment on 20 <sup>th</sup> of every month ? Reason being industries have to pay Central excise payment , Salary, Provident fund payment , ESIC payment , Profession Tax Payment within first 10 days.	As on today date of payment is 10 <sup>th</sup> of every month.
13	Keeping of records for 10 years some what difficult for SSI units. The verification of the records , queries can be raised only within 5 years ?	As per rules.
14	If Any material purchased & it shifted to other city without bringing in to PCMC ,Is there any provision to show this traction in the monthly return ?  If Any material comes for processing & after processing goes back out of PCMC area, is there any provision to show this traction in the monthly return ?	Who purchased? Where purchased?  Yes, record must be mentioned in given formats.
15	If a organization sales goods in local market as well as exports are also made, Is there any provision on prorata basis as per purchase or sale ?	<b>Yes, subject to rules.</b>
16.	Manufacturing unit in PCMC. Jobwork unit is also in PCMC. As per instructions of the Buyer (manufacturer) material is directly supplied to consignee ( job worker).  In this scenario, who is required to pay LBT?	<b>If the manufacturer is in PCMC, he is required to pay LBT on imported goods.</b>
17.	a) Is LBT applicable If material is imported for job work from outside PCMC limit  b) Similarly is LBT applicable if any material sent for job work outside pcmc and comes back.  c) Whether a certificate from buyer is required If there is vat invoice for material purchased ?  d)Whether LBTis applicable on cash purchase up to some limit on KACCHA BILL	<b>a] Subject to rule 28(4), it is not taxable, but in this case deposit shall be paid which is refundable.</b>  <b>b] not applicable subject to rule 28(3). But LBT shall be paid on material which is used for processing purpose along with transporting charges.</b>  <b>c] Yes, seller is required to issue certificate to that effect.</b>  <b>D] KACCHA bill is neither permitted nor allowed to calculate LBT amount so PAKKA bill</b>

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	<p>e) Is there any refund on supply of mfg parts to pcmc area. (for example at Chakan talegaon Uttaranchal etc)</p> <p>F) Is there any rate concession to the small scale units having turnover up to 5 cr as per excise norms.</p> <p>g) What will be the interest rate for delay payment ?</p> <p>h) Is there any possibility to extend the date for LBT payment by 21<sup>st</sup> every month?</p>	<p><b>is a must, otherwise amount of the goods will be determined by the commissioner on the basis of market rates..</b></p> <p><b>e] No.</b></p> <p><b>f] No.</b></p> <p><b>g] 2% per month and after one year 3% per month.</b></p> <p><b>h] No comment.</b></p>
<p>18.</p>	<p>A ) Query regarding Rule 28 (4) There is no mention about few processes like Machining (CNC, Milling, Hobing), Drilling,. Sand blasting , Trial and testing, Inspection, Demonstration and exhibition, Calibration, Heat treatment, Repairing.</p> <p>B) Rule 28(4) (ii). The dealer pay security deposit as a guarantee as may be determined by the Commissioner. Is it mandatory? How much? 100% of Octroi amt. or 10% of Octroi amt.?  When to pay?  While importing or while returning?</p>	<p><b>A] As per Rule 28(4).</b></p> <p><b>B] Deposit is mandatory. 28(4) There is a provision of depositing Standing amount determined by the commissioner from time to time, for a dealer in the city imports goods from outside PCMC. 100% LBT as a deposit shall be paid.</b></p> <p><b>It shall be paid by 10<sup>th</sup> of next month from the date and month of importing goods .</b></p>
<p>19.</p>	<p>1. Will there be check posts at entry points? 2. Processing of Material – Many industries situated outside PCMC limits send the material for processing to units located in PCMC area and are returned after processing. The situation can be other way round also. The processing includes only labour charges. Processing can be Bending, cutting, painting, plating, Assembling etc. Presently deposit is taken at the time of inward and refunded at the</p>	<p><b>No.</b></p> <p><b>Proper entries as to rule 28(3) and 28(4) have to be mentioned in respective return. Regarding amount of deposit is mentioned in para 18.</b></p>

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	<p>time of return of material. What is the status of such transaction under LBT?</p> <p>3. Also there are some transaction as mentioned in 2 above during March 2013 and processed material will go back in April 2013. What about the refund of such cases if there will be no check post after 01.04.2013. Who will certify the exit of such material and how the deposit will be refunded.?</p> <p>4. What are the Registration Formalities?</p> <p>5. What are the Rates of LBT?</p> <p>6. Whether the LBT is payable on Turnover or only on Material received from areas out of PCMC limits?</p> <p>7. What will be Mode of payment and filing of Returns?</p>	<p><b>In this case dealer shall keep proper entries that is inward and outward of goods and processing made thereon, in the record and submit said documents while claiming the refund.</b></p> <p><b>Already discussed and made public.</b></p> <p><b>Displayed on website <a href="http://pcmcindia.gov.in">pcmcindia.gov.in</a></b></p> <p><b>On imported material</b></p> <p><b>Online payment facility is provided and in Axis bank counter. Return is to be submitted twice in a year.</b></p>
20.	<p>a) What will be the overall process, registration, applicability, monthly returns, etc?</p> <p>b) Most of the IT companies are STPI / EOU units &amp; are exempted from payment of Customs duties for defined range of products. Will the exempted Customs duty &amp; Central Excise duty mentioned on the ARE-3 be considered for calculating?</p> <p>c) How LBT will be applicable if the material is procured at one of the units outside current Octroi limits e.g. Hinjewadi after consumption of a part of the same rest of the material is brought to another office into current Octroi limits in Pune ?.</p> <p>d) How about local material that is purchased from vendors currently within the Octroi limits. How do maintain the records? – Whether any declaration has to be obtained from the supplier on such purchases that the supplier would pay</p>	<p><b>Already discussed.</b></p> <p><b>On final bill.</b></p> <p><b>Whatever goods is brought in PCMC limit for consumption, sale, use is taxable.</b></p> <p><b>Stock must be mentioned in appropriate format on 31<sup>st</sup> March 2013.</b></p>

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	<p>the LBT ( as he has purchased it) ?</p> <p>e) It reads that if the material is being procured / imported by an exporter &amp; if the material thus procured is used for manufacturing a product which is being exported, then LBT may not be applicable. What records are required to be maintained?. For IT industry its capital goods are computers, servers, networking equipment etc. these items are utilized to develop software which is exported then are eligible "for not paying LBT" Export of services need to be discussed with concerned officers with representation.</p>	<p><b>And bills respective of the goods along with octroi receipts must be preserved.</b></p> <p><b>If it falls in category 28(6), then it is not taxable but initially LBT shall be paid on it and after export of goods out of India refund can be claimed. Subject to satisfaction of the material exported from out of India, 100% amount shall be returned. LBT is charged on all IT products. LBT is charged on all goods which is imported for consumption, use or sell.</b></p>
<p>21.</p>	<p>A dealer having office in Pune, Godowns outside the corporation limits &amp; supplying customers directly. Sometimes consignments get in pune &amp; after dispatch of the same out of octroi limit is claimed for octroi refund which is generally 85 to 90% after 6 months.</p> <p>A) In this case whether LBT is applicable when it starts?</p> <p>B) What separate records are to be maintained?</p> <p>C) For monthly return is there any separate format or procedure?</p>	<p><b>A] LBT is applicable on goods which is imported for consumption, sell, use.</b></p> <p><b>B] Specific formats have been given</b></p> <p><b>c] No.</b></p>
<p>22.</p>	<p>A manufacturing units also having other activities of Exports, traders and service providers in power sector mainly to government organizations. Manufacturing unit is in PCMC, R&amp; D in Pune, go down outside pcmc limit and offices in different cities.</p> <p>Following are the queries :</p> <p>a) Whether at the time of the registration is it necessary to declare all office addresses?</p> <p>If so, whether Registration certificate needs be to pasted at all offices?</p> <p>If exports outside India is made</p>	<p><b>A] Yes. Certificates should be displayed at all the places located in PCMC. Please read rule 28(6)</b></p>

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	<p>(appro.20%), what will be the base and the rate be claimed for exemption for LBT under rule 28 (6)?</p> <p>b) If the kits already sold to Govt. Dept. /private testers/ OEMs received for repairing /calibration purpose and returned back within a specified time to the owner, what will be the status for getting exemption under the rule? Form, size of the kit remain unchanged</p> <p>c) If suppliers are from the same region e.g. Bhosari, who is liable to pay LBT in respect of such goods. Please confirm this. Whether the supplier should take registrations under LBT? Who will be responsible for their registrations?</p> <p>d) If the Testing kits along with demokits /laptops are moved out for demonstration purpose and are returned back within stipulated time whether LBT is applicable in this case? If yes, whether any exemption under any of the Rules of LBT?</p> <p>e) An elaborated training on procedures to be followed for LBT such as Registration, payment of LBT, Returns etc. is required. When such training be held?</p> <p>f) Whether any manufacturing unit producing import substitute item, saving Govt's Foreign currency, can get any exemption from payment of LBT on raw materials also?</p> <p>A) If any moulds are sent out side pcmc area for testing and trial and are imported back within stipulated period with no change in weight, shape or ownership of the moulds? How LBT is applicable?</p> <p>B) If the moulds are coming for repairing/overhauling purpose in the factory located in pcmc .How LBT will be applicable?</p>	<p><b>As prorate basis.</b></p> <p><b>b] please refer rule 28(3) and 28(4)</b></p> <p><b>C] Yes, supplier is responsible for registration.</b></p> <p><b>D] Already discussed.</b></p> <p><b>Very soon</b></p> <p><b>F] No.</b></p> <p><b>A] Already discussed.</b></p>
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		<b>B] Already discussed.</b>
24	If a Regd. office is In PCMC area whereas mfg. unit is outside the limit of PCMC, but the financial statements are filed from regd. office then – whether the purchases of the mfg. unit taxable under LBT?	<b>As to financial statements only, then LBT is not applicable.</b>
25	<p>If any material is received from foreign country to manufacture the Defence Excise Duty Exempted Material and also for other Excise Duty payable. Whether there is any exemption as was given earlier through Free pass for defence material ? What rate for the goods on which excise duty is payable?</p> <p>a) When the specified format for record of purchases will be communicated?</p> <p>b) When the new registration no. will be communicated to the units who have already registered under MVAT Act?</p>	<p><b>There is exemption on goods which is belonged to government. Provided certificate by government officer to that effect is produced. Excise duty is not concerned with this office.</b></p> <p><b>A] Available on website Pcmcindia.gov.in please refer this site, and download all the fomats.</b></p> <p><b>B]It is started.</b></p>

**Please refer to website [pcmcindia.gov.in](http://pcmcindia.gov.in) for detail information. Please fell free to contact us for any query about LBT on Phone no. 39331323 or send email to [lbt@pcmcindia.gov.in](mailto:lbt@pcmcindia.gov.in)**