



## The Maharashtra Tax on Entry of Motor Vehicles into Local Areas Act, 1987

Act 42 of 1987

### Keyword(s):

Accessories, Appellate Tribunal, Assessing Authority, Entry of Motor Vehicle into a Local Area, Importer, Local Area, Motor Vehicle, Purchase Value, Tax

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MAHARASHTRA ACT No. XLII OF 1987<sup>1</sup>

[THE MAHARASHTRA TAX ON ENTRY OF MOTOR VEHICLES  
INTO LOCAL AREAS ACT, 1987]

(This Act received assent of the President on the 18th December 1987; assent first published in the *Maharashtra Government Gazette*, Part IV, Extraordinary on the 18th December 1987.)

Amended by Mah.	9 of 1988 (22-4-1988)*
" " "	30 of 1989 (28-8-1989)*
" " "	29 of 1994 (1-5-1994)*
" " "	12 of 1995 (8-6-1995)*
" " "	19 of 1996 (29-6-1996)*

An Act to provide for the levy of tax on the entry of motor vehicles into the local areas of the State for use or sale therein.

WHEREAS both Houses of the State Legislature were not in session;

AND WHEREAS Shri Sharadchandra Krishnaprasad Desai, discharging the functions of the Governor of Maharashtra, was satisfied that circumstances existed which rendered it necessary for him to take immediate action providing for the levy and collection of tax on the entry of motor vehicles into the local areas of the State of Maharashtra for use or sale therein with immediate effect, and for matters connected therewith or incidental thereto; and, therefore, promulgated the Maharashtra Tax on Entry of Motor Vehicles into Local Areas Ordinance, 1987, on the 30th September 1987.

Mah.  
Ord.  
VI of  
1987.

AND WHEREAS it is expedient to replace the said Ordinance by an Act of the State Legislature; It is hereby enacted in the Thirty-eighth Year of the Republic of India as follows :—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Maharashtra Tax on Entry of Motor Vehicles into Local Areas Act, 1987.

Short title,  
extent and  
commence-  
ment.

(2) It extends to the whole of the State of Maharashtra.

(3) It shall be deemed to have come into force on the 30th day of September 1987.

2. (1) In this Act, unless the context otherwise requires,—

Definitions.

(a) "Accessories" means the car air-conditioner, music system and any other article fitted to a motor vehicle and which is not included in the original invoice ;

(b) "Appellate Authority" means an Appellate Authority appointed under section 6;

(c) "Appellate Tribunal" means the Maharashtra Sales Tax Tribunal constituted under section 21 of the Bombay Sales Tax Act;

(d) "Assessing Authority" means any officer appointed under section 5;

(e) "Bombay Sales Tax Act" means the Bombay Sales Tax Act, 1959;

Bom.  
LI of  
1959.

<sup>1</sup> For Statement of Objects and Reasons, see *Maharashtra Government Gazette*, Part V, Extraordinary, dated the 9th November 1987, p. 325.

\* This indicates the date of commencement of Act.

<sup>1</sup>[(e-a) "designated officer" means an officer designated to be the designated officer under section 10A;]

<sup>2</sup>[(e) "dealer in motor vehicles" means a person whose principal business is of buying, selling or both buying and selling, motor vehicles;]

(f) "Entry of Motor Vehicle into a local area" with all its grammatical variations and cognate expressions, means entry of motor vehicle into local area from any place outside the State but not being a place outside the territory of Union of India, for use or sale therein.

(g) "Importer" means a person who brings <sup>3</sup>[or causes to be brought] a motor vehicle into a local area from any place outside the State but not being a place outside the territory of Union of India, for use or sale therein, and who owns the vehicle at the time of its entry into the local area;

(h) "Local area" means the area within the limits of,—

(i) a Municipal Corporation established under the Bombay Municipal Corporation Act, the Bombay Provincial Municipal Corporations Act, 1949 and the City of Nagpur Corporation Act, 1948;

Bom. III of 1988.  
Bom. LIX of 1949.  
C. P. and Berar II of 1950.

(ii) a Municipal Council established under the \*Maharashtra Municipalities Act, 1965;

Mah. XL of 1965.

(iii) a Zilla Parishad established under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961;

Mah. V of 1962.

(iv) a Notified area committee or a cantonment board constituted or established under any law for the time being in force;

(i) "motor vehicle" means a motor vehicle as defined in clause (18) of section 2 of the Motor Vehicles Act, 1939\*\* and includes motor cars, motor taxi cabs, motor cycles, Motor cycle combinations, motor scooters, moterette, motor omni buses, motor vans, motor lorries and chassis of motor vehicles and bodies or tankers built or meant for mounting on chassis of motor vehicles, but excludes tractors whether on wheels or on tracts;

IV of 1939.

(j) "person" includes any company or association or body of individuals whether incorporated or not, and also a Hindu undivided family, a firm, a local authority or any State Government;

(k) "prescribed" means prescribed by rules;

(l) "purchase value" means the value of a motor vehicle, as ascertained from original invoice and includes the value of accessories fitted to the vehicle, insurance, excise duties, countervailing duties, sales tax, transport fee, freight charges and all other charges incidentally levied on the purchase of a motor vehicle :

Provided that, where purchase value of a motor vehicle is not ascertainable on account of non-availability or non-production of the original invoice or when the invoice produced is proved to be false or if the motor vehicles is acquired or

<sup>1</sup> Clause (e-a) was inserted by Mah. 30 of 1989, s. 2(e).

<sup>2</sup> Clause (e) shall be deemed always to have been inserted by Mah. 9 of 1988, s. 31.

<sup>3</sup> These words were inserted by Mah. 30 of 1989, s. 2(b).

\*Now see the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Township A.c., 1965.

\*\* See now the Motor Vehicles Act, 1988 (59 of 1988)

obtained otherwise than by way of purchase, then the purchase value shall be the value or price at which motor vehicle of like kind or quality is sold or is capable of being sold, in open market;

(m) "rules" means rules made under this Act;

(n) "State" means the State of Maharashtra;

(o) "tax" means the tax payable under this Act.

(2) Words and expressions used but not defined in this Act shall have the meanings assigned to them under the Bombay Sales Tax Act.

## CHAPTER II

### INCIDENCE AND LEVY OF TAX

3. (1) Subject to the provisions of this Act and rules made thereunder, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for IV of registration in the State under the \*Motor Vehicles Act, 1939\* at such rate or rates 1939. as may be fixed by the State Government by notification in the *Official Gazette*, but not exceeding the rates prescribed for motor vehicles in the Schedules appended to the Bombay Sales Tax Act or fifteen paise in the rupee whichever is less :

Provided that, no tax shall, be levied and collected in respect of a motor vehicle which was registered in any Union Territory or any other State under the Motor Vehicles Act, 1939\* for a period of fifteen months or more before the date on which 1939. it is registered in the State under that Act.

[(2) The tax shall be payable and paid by an importer within 15 days from the entry of motor vehicle into the local area or before an application is made for 59 of registration of the vehicle under the Motor Vehicles Act, 1988, whichever is earlier, 1988. in the manner laid down under section 10 of this Act.]

(3) The tax shall be in addition to the tax levied and collected as octroi by a Municipal Corporation, Municipal Council, *Zilla Parishad*, *Panchayat Samiti* or *Village Panchayat* or any other local authority, as the case may be, within its local area.

4. (1) Where an importer of a motor vehicle liable to pay tax under this Act being a dealer in motor vehicles, becomes liable to pay tax under the Bombay Sales Tax Act by virtue of the sale of such motor vehicle, then this liability under the Bombay Sales Tax Act shall be reduced to the extent of tax paid under this Act. Reduction in tax liability.

(2) The amount of tax leviable under this Act shall subject to such condition as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax <sup>2</sup>[or Central Sales Tax] as may be in force in any other State or Union Territory by an importer who, not being a dealer in motor vehicles, had purchased the motor vehicle for his own use in that State.

## CHAPTER III

### TAX AUTHORITIES UNDER THE ACT

5. The State Government may, by notification in the *Official Gazette*, appoint such officers to be the Assessing Authorities for the purposes of this Act and may assign to them such local area or areas may be specified in the notification. Assessing Authorities.

<sup>1</sup> Sub-section (2) was substituted by Mah. 30 of 1989, s. 3.

<sup>2</sup> These words were inserted by Mah. 29 of 1994, s. 27.

\* see now the Motor Vehicles Act, 1988 (59 of 1988).

6. The State Government may, by notification in the *Official Gazette*, appoint Appellate such officers to be Appellate Authorities for the purposes of this Act and may assign Authorities. to them such local area or areas as may be specified in the notification.

#### CHAPTER IV

##### RETURNS, ASSESSMENT, PAYMENT, RECOVERY AND REFUND OF TAX

7. <sup>1</sup>[(1) Every person liable to pay tax under this Act shall furnish a return **Returns.** within 15 days from the entry of motor vehicle into the local area or before an application is made for registration of the vehicle under the Motor Vehicles Act, 1988. 1988, whichever is earlier. The return to be so furnished shall be in such form, for such period and to such authority, as may be prescribed.]

(2) If any person liable to pay tax under this Act, having furnished return under sub-section (1), discovers any omission or incorrect statement therein, he may furnish a revised return before the expiry of three months from the last date prescribed for furnishing the original return.

8. (1) The amount of tax due from a person liable to pay tax under this Act **Assessment.** shall be assessed separately for such period as may be prescribed.

(2) If the Assessing Authority is satisfied that the return furnished by a person liable to pay tax, is correct and complete, he shall assess the amount of tax due from the person on the basis of such return.

(3) If the Assessing Authority is not satisfied that the return furnished by a person liable to pay tax, is correct and complete, and he thinks it necessary to require the presence of the person or the production or further evidence, he shall serve on such person in the prescribed manner a notice requiring him on a date and at a place specified therein, either to attend and produce or cause to be produced all evidence on which the said person relies in support of his return, or to produce such evidence as is specified in the notice. On the date specified in the notice, or as soon as may be thereafter, the Assessing Authority shall after considering all the evidence which may be produced, assess the amount of tax due from the person.

(4) If a person fails to comply with the requirements of any notice issued under sub-section (3) the Assessing Authority shall determine the purchase value of the motor vehicle under the proviso to clause (1) of sub-section (1) of section 2 to the best of his judgement and assess the amount of tax due from him.

<sup>2</sup>[(4A) If a person liable to pay tax fails to furnish the return as required under section 7, then the Assessing Authority shall at any time within eight years from the end of the financial year in which the motor vehicle was imported, after giving the importer a reasonable opportunity of being heard, assess to the best of his judgement, the amount of tax (if any) due from him.]

(5) No order of assessment under sub-section (3) or (4) shall be made after the expiry of three years from the 1st date prescribed for filing of returns of the particular period. If for any reason such order is not made within the period aforesaid then the return so filed shall be deemed to have been accepted as correct and complete for assessing the tax due from such person.

9. If, after a person liable to pay tax has been assessed under section 8 for any **Reassessment.** period, the Assessing Authority has reason to believe that any purchase value of

<sup>1</sup> Sub-section (1) was substituted by Mah. 30 of 1989, s. 4.

<sup>2</sup> This sub-section was and deemed to have been inserted by Mah. 12 of 1995, s. 23.

part thereof has, in respect of that period, escaped assessment, or has been under assessed or assessed at a lower rate, then the Assessing Authority may, within five years from the date of the order of assessment of the particular period, after giving the person a reasonable opportunity of being heard, may reassess, to the best of his judgement, the tax due from him.

Payment of <sup>1</sup>10. (1) The tax shall be paid in the manner hereinafter provided.

Tax.

(2) A person liable to pay tax shall, before furnishing return as required by sub-section (1) of section 7, first pay the whole of the amount of tax due from him according to such return by a demand draft or pay order drawn in favour of Commissioner of Sales Tax, Maharashtra State, on any branch of the State Bank of India or of any Scheduled Bank as defined in the Reserve Bank of India Act, 1934, which holds a licence issued by the Reserve Bank of India under section 22 of the Banking Regulation Act, 1949, or of a Co-operative Bank as defined in clause (10) of section 2 of the Maharashtra Co-operative Societies Act, 1960, situated in the local area.

I of  
1934.  
X of  
1949.  
Mah.  
XXIV  
of  
1961

<sup>1</sup> These sections were substituted for section 10 by Mah. 30 of 1989, s.5.

Provided that, the, Assessing Authority shall first apply such excess towards the recovery of any amount due in respect of which a notice under sub-section (4) of section 10 has been issued, and shall then refund the balance, if any.

12. Subject to such conditions as it may impose, the State Government may, if Exemptions. it is necessary so to do in the public interest, by notification in the *Official Gazette*, exempt any specified class of importers from payment of the whole or any part of the tax payable under this Act or from all or any of the provisions of this Act and such exemption shall take effect from the date of the publication of the notification in the *Official Gazette*, or such other date as may be mentioned therein.

## CHAPTER V

### APPEALS

13. (1) An appeal from every original order under this Act or rules made there- Appeals. under shall lie to the Appellate Authority appointed under section 6.

(2) In the case of an order passed in appeal by the Appellate Authority, a second appeal shall lie to the Appellate Tribunal.

<sup>1</sup>[(3) (a) No appeal against an order of assessment, with or without penalty or interest, or against an order imposing a penalty or interest, shall ordinarily be entertained by an Appellate Authority or the Appellate Tribunal, unless such appeal is accompanied by satisfactory proof of the payment of the tax with penalty or interest, or, as the case may be, of the payment of penalty or interest, in respect of which appeal has been preferred :

Provided that, an Appellate Authority or Appellate Tribunal may, if it thinks fit, and for reasons to be recorded in writing, entertain an appeal against such order, on payment of not less than twenty-five per cent. of the amount of tax, penalty or interest, in respect of which appeal has been preferred, as the Appellate Authority or Appellate Tribunal may direct.

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<sup>1</sup> Sub-section (3) was substituted by Mah. 12 of 1995, s.12.

(b) No appeal shall be entertained by the Appellate Authority or by the Appellate Tribunal unless it is filed within sixty days from the date of communication of the order appealed against :

Provided that the Appellate Authority or the Appellate Tribunal may, admit an appeal after the period of limitation, if it is proved by the appellant to the satisfaction of the Appellate Authority or, as the case may be, the Appellate Tribunal that he had sufficient cause for not preferring the appeal within such period.]

(4) Subject to such rules of procedure as may be prescribed every Appellate Authority (both in the first appeal or the second appeal) shall have the following powers, namely :—

(a) in an appeal against an order of assessment, it may confirm, reduce, enhance or annul the assessment; or it may set aside the assessment and refer the case back to the Assessing Authority for making a fresh assessment in accordance with the direction given by it and after making such further inquiry as may be necessary the Assessing Authority shall thereupon proceed to make such fresh assessment and determine, where necessary, the amount of tax payable on the basis of such fresh assessment; and

(b) in any other case, the Appellate Authority or the Appellate Tribunal, as the case may be, may pass such orders in the appeal as it deems just and proper.

## CHAPTER VI

### PENALTY

Penalty. 14. (1) Where any person liable to pay tax under the Act fails to comply with any of the provisions of this Act or rules made thereunder, then the Assessing Authority may, after giving such person a reasonable opportunity of being heard, by order in writing impose on him in addition to any tax payable, a sum by way of penalty not exceeding twice the amount of tax.

<sup>1</sup>(2) If a person liable to pay tax under this Act does not pay the tax within the time he is required by or under the provisions of this Act to pay it, then he shall be liable to pay by way of simple interest, in addition to the amount of such tax and penalty, if any, under sub-section (1), a sum equal to two per cent. of the amount of such tax for each month or for part thereof, after the last date by which he should have paid such tax.]

## CHAPTER VII

### MISCELLANEOUS

Officers and servants appointed under this Act to be public servants. 15. All officers and servants appointed under this Act shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

XLV  
of  
1860.

Protection of action taken under this Act. 16. No suit, prosecution or other legal proceedings shall lie against the Government, or any public servant for anything which is in good faith done or purported to be done under this Act.

<sup>1</sup> Sub-section (2) was substituted by Mah 19 of 1996, s.24.



17. (1) The State Government may, by notification in the *Official Gazette* and Power to subject to the condition of previous publication, make rules for carrying out the make rules. purposes of this Act :

Provided that, if the State Government is satisfied that circumstances exist which render it necessary to take immediate action, it may dispense with the previous publication of any rule to be made under this section.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for the following matters, namely :—

(a) the duties and powers of officers appointed for the purpose of enforcing the provisions of this Act;

(b) all matters expressly required or allowed by this Act to be prescribed;

(c) generally regulating the procedure to be followed and the forms to be adopted in proceedings under this Act;

(d) any other matter including levy of fees for which there is no provision or no sufficient provision in this Act and for which provision is, in the opinion of the State Government, necessary for giving effect to the purposes of this Act;

(e) the procedure for any other matters (including fees), incidental to the disposal of appeal, and the value of court-fee stamp which a memorandum of appeal should bear;

(f) the person who may appear or attend before any authority in connection with any proceedings under the Act, including his qualifications, the conditions subject to which the person shall be entitled to appear and attend and the form of authorisation authorising such person to attend.

(3) Every rule made under this Act shall be laid as soon as may be after it is made before each House of the State Legislature while it is in session for a total period of thirty days, which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, and notify such decision in the *Official Gazette*, the rule shall, from the date of publication of such notification have effect only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rule.

IV of 1939. 18. In the Motor Vehicle Act, 1939, in its application to the State of Maharashtra Amendment of Act IV of 1939. in the First Schedule,—

(a) in Form E, after entry IB, the following entry, shall be inserted, namely :—

“ IC. Whether the vehicle has been purchased by the person to be registered as registered owner in the State of Maharashtra; and, if not, whether person