

## Honourable Speaker Sir,

The overall surplus as per Budget Estimates for the year 2017-2018 is ₹ 239.16 crore.

I now present tax proposals for the year 2017-2018.

### Goods and Services Tax

The Constitution (One Hundred and First Amendment) Act, 2016 on goods and service tax has come into effect. Accordingly, the main taxes of the State Government- Value Added Tax, Central Sales Tax, Entry Tax, Entertainment Tax and Luxury Tax, as also the main taxes of the Government of India- Central Excise and Services Tax, have been subsumed in the Goods and Services Tax. Now, only the Goods and Services Tax will be levied in place of all these taxes in the indirect tax regime. Petroleum crude, high speed diesel, motor spirit, natural gas, aviation turbine fuel and alcoholic liquor for human consumption have been kept out of GST, as of now. The rates of tax will be uniform on goods and services in the entire nation due to implementation of the new tax regime.

As per the decision taken by the GST Council, the Goods and Services Tax will be implemented from July, 2017 in the whole country. After the GST Council recommends the drafts of the GST Laws, the parliamentary process relating to GST law of Government of India and State Government, will be taken up respectively by the Parliament and Legislative Assembly of the State Government.

The State Government has made **all preparations for implementation** of the new tax regime in the State so that the trade and industry of the State do not face any difficulty. E-payment will be made compulsory for payment of tax exceeding ₹ 10,000 very shortly. Further, considering that the new law of GST is going to be implemented very shortly in the whole country, I **do not suggest any changes** in the taxation structure of the **Value Added Tax**, at this stage.

I present the proposal for changes in the Motor Vehicle Tax structure as follows:

### Motor Vehicle Tax

Motor Vehicle Tax is levied on the motor vehicles used and kept for use in the state as per the provisions of the Gujarat Motor Vehicles Tax Act, 1958. On some vehicles tax is levied on recurring basis i.e. yearly/ six monthly/three monthly or monthly, while on some vehicles tax is levied on lump sum basis. On some vehicles, both options are available for payment of tax i.e. recurring as well as lump sum basis.

The owners of the motor vehicles paying recurring tax have to visit transport office, one to four times in a year depending upon the type of the vehicle. Most of the motor vehicle owners visit transport office in the months of April and October and thereby face lots of difficulties in payment of tax and also lots of time is being wasted.

In order to give **relief to the citizens** of the State in the process of payment of motor vehicle tax and to simplify the process, I propose **to levy lump sum motor vehicle tax only for the new vehicles registered on or after 1/4/2017** in the categories as mentioned below. In order that the tax burden do not increase at a time on **old vehicles registered before 1/4/2017**, I propose to give **option of lump sum tax** while continuing the option of payment of tax in a recurring manner. The detailed proposal is as under:

**Goods vehicles having gross vehicle weight exceeding 7.5 tons**

Motor Vehicle Tax is levied on yearly or half yearly basis on the Goods vehicles having gross vehicle weight exceeding 7.5 tons. Presently, the annual rate of tax on these vehicles is ₹ 800 per ton or part thereof. In addition, option of lump sum tax is also available on these vehicles. The rate of lump sum tax on the medium goods vehicles having gross vehicle weight from 7.5 ton to 12 ton is 8% of the sales price of these vehicles. whereas the rate of lump sum tax on vehicles exceeding gross vehicle weight of 12 ton is 12% of the sales price of these vehicles. Thus, the rates of **lump sum tax on medium goods vehicles and heavy goods vehicles are different.**

While **removing the difference** in the rates of lump sum tax between the medium goods vehicles and heavy goods vehicles exceeding 7.5 tons, I propose to **reduce the rate** of lump sum tax on these vehicles and to levy lump sum tax at the uniform rate of **7%( seven) of the sales price** of these vehicles.

**Private Service Vehicles**

Motor vehicle tax is levied on yearly or quarterly basis on the private service vehicles, at present. The rate of tax on these vehicles is ₹ 500 per seat per annum. I propose to levy lump sum tax at the rate of **8% (eight)of the sales price** of these vehicles.

**Buses of Educational Institutes**

Motor vehicle tax is levied on yearly or quarterly basis on the buses of educational institutes, at present. The rate of tax on these vehicles is ₹ 200 per seat per annum. I propose to levy lump sum tax at the rate of **3.5% of the sales price** of these vehicles.

**Stage Carriage Buses**

Motor vehicle tax is levied on yearly or quarterly basis on the stage carriage buses. The annual rate of tax on these vehicles is ₹ 1200 upto nine seats in addition of ₹ 80 per seat and ₹ 40 per standing accommodation. I propose to levy lump sum tax at the rate of **2%(Two) of the sales price** of these vehicles.

**Maxi cab**

Motor vehicle tax is levied annually on ordinary maxi cab at present. The rate of tax is ₹ 1500 per seat per annum. The option of lump sum tax is also available on these vehicles. The rate of lump sum tax is 12% of the sales price of the vehicle. Whereas tax is levied annually only in the luxury maxi cab and the rate of tax is ₹ 3000 per seat per annum.

In order that tourism is promoted in the State and the small families get good vehicle for travelling, I propose to levy lump sum tax at the uniform rate of **12% of the sales price** in both ordinary maxi cab and luxury maxi cab. As a result of this proposal, the lump sum tax option will be available for the old luxury cab, too.

**Construction equipment vehicles, and tractors used for other than agricultural purpose having unladen weight exceeding 2 ton but not exceeding 7.5 tons**

The rate of motor vehicle tax is ₹ 2000 plus ₹ 400 for every additional ton or part thereof per annum for tractors used for other than agricultural purpose; and construction equipment vehicles having unladen weight exceeding 2 ton but not exceeding 7.5 tons. The tax is levied annually and quarterly. Whereas, the lump sum tax is levied at the rate of 6% on the vehicles having unladen weight not exceeding two tons. Thus, there is **difference in the rate of tax as well as the method** of payment of tax for the vehicles upto two tons and exceeding two tons but not exceeding 7.5 tons.

In order to have simplification by removing the difference in the rate of tax as well as method of payment of tax on these vehicles, I propose to levy lump sum tax at the rate of **3% of the sales price** of these vehicles.

By the proposed simplification in the structure and the rates of motor vehicle tax, **owners/ representatives of about 25,000 new vehicles** being registered every year in the above categories will be required to visit the transport office **only once**. The **option of lump sum** tax will also be available to the **owners of the old vehicles registered before 1/4/2017**. And owners of about three and half lakh old vehicles will be required to visit the transport office **only once** if they opt for the lump sum option for payment of tax.

By making the lump sum tax compulsory for the new vehicles, the **tax revenue will be available upfront** at the time of registration of new vehicles in place of recurring tax revenue every year. While deciding the rate of lump sum tax on the vehicles of these categories, the average life span of the vehicle as also the possibility of the vehicle remaining non-use for two months in an year, is taken into consideration and also maintaining the current level of revenue has been taken into account and therefore the **tax burden will not increase** on the motor vehicle owners. If the **option of lump sum** is opted for the **old vehicles, rebate will be given** depending upon the age of the vehicle.

A Bill proposing necessary amendments in the Gujarat Motor Vehicles Tax Act, 1958 will be presented in the House during current session.

### **Agricultural Tractor**

Lump sum motor vehicle tax is levied at the rate of 3.5% of the sales price of the tractor used for agricultural purpose at present. In order to give **relief to the farmers** of the State, I propose to **reduce the rate** of lump sum tax **from the current rate of 3.5% to 3%** on the tractors used for agricultural purpose. By the proposed reduction in the rate of tax, the farmers purchasing tractor will now have to pay about **₹ 3000 less** on each tractor.

### **Facility of on-line payment of motor vehicle tax**

At present, motor vehicle tax can be paid by cash, demand draft or bank chalan, in the State. The owner of the vehicle or the person in possession or control of the vehicle, has to go personally for payment of motor vehicle tax. In order that the citizens of the State get facility of payment of motor vehicle tax from home/office instead of going personally for payment of tax, through **on-line banking**, I declare to implement the **facility of e-payment through cyber treasury** for payment of tax in the State Treasury with effect **from 1/5/2017**.

### **Stamp Duty and Registration Fees- E-payment:**

Stamp Duty and Registration Fees are required to be paid for the transfer of the immovable property at the specified rates in the State. At present, the payment of stamp duty can be made by non judicial stamp paper, special adhesive stamp, franking and e-stamping. Whereas, payment of registration fees can be made by cash, demand draft and pay order, personally at the sub registrar office.

In the present mode of payment, the parties have to go to the office or bank with cash on hand for payment. In order that the transfer transaction become safe and the people of the State get more facility for payment at home and at their convenient time, it has been planned to make available **new facility of on line e-payment** for payment of stamp duty and registration fees and the same will be implemented during next financial year.

### **Conclusion**

The final position of Budget Estimates for the year 2017-2018 will be as under:

	(₹ in crore)
Surplus as per Budget Estimates	(+) 239.16
Upfront revenue on account of simplification of motor vehicle tax	(+) 292.14
Proposed reduction in the tax revenue of agricultural tractor	(-) 10.00
Estimated overall surplus	(+) 521.30

I commend the Budget for the consideration of this august House.

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