The Gujarat State Budget Proposals For The Financial Year 2011 - 2012

An overview . . .

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❖ REPRESENTATIONS BEFORE BUDGET ABOUT G.VAT.

Vibrant season of "Budget" is started for the upcoming financial year. The Hon'ble Finance Minister of Gujarat State has declared budget proposals for the financial year 2011-2012 before the State Assembly today, i.e. on 25th Feb., 2011. Before the budget, many representation and suggestions attended by the trade and industries, chambers and thinkers. Significant and vital suggestions are as under;

(1) Reconsideration about the provisions of section – 11 of the Act. Such as input tax credit provisions for Fuel, Old and Used Plant & Machineries and certain other exceptions provided in section -11 of the Act, for input tax credit.

(2) Withdrawal of the previous year budget amendment for reduction in input tax credit @ 2%, in case of, if the dealer sells goods in the course of inter-State sales.

(3) Reconsideration about the limit of Rs. 50lacs for Lump-sum tax payment option. It's demand of the small traders to increase it up to 1 corer.

(4) Reconsideration and relaxation in intervals for filing of returns.

(5) Only one type invoice provisions instead of Tax and Retail Invoice.

(6) Limit of Rs. 3000/- for profession tax on salary is too much less, reconsideration about the slab of profession tax on employees.

But, the proposals are very disappointed; nothing is in favor of the trade and industries. It is utmost demand and expectation of the trade and industries that, provisions for reduction in tax credit should withdraw, but nothing is about these vital issue in the budget proposal. Gujarat Value

Added Tax Act and Green Cess Act related proposals are stated below; it may undergo changes before its enactment.

❖ GUJARAT VAT PROPOSALS

- Most disappointed factor of the budget is, noting proposed in the budget, in favor of trade and industries.

- Proposal for increase the rate of vat on following commodities.

Commodity	Present Rate of VAT and Additional Tax	Commodity	Effect on VAT and Add. Tax rate due to proposal
Mobile Phones	4% + 1%	Mobile Phones	12.5%+ 2.5%
Processed tobacco and tobacco products (Excluding un manufactured tobacco) Entry – 87 of Schedule – II	17.5% + 2.5%	Processed tobacco and tobacco products (Excluding un manufactured tobacco) Entry – Specified later.	22.5% + 2.5%

- Proposal for Green Cess.

  To Promote a "Clean and Green Energy" in the State, and to set-up "Green Energy Fund" it is proposed to levy 2 (two) paise per unit Green Cess on generation of all kind of electrical energy including captive energy, but excluding solar energy, wind energy, bio-energy, geo thermal energy, tidal energy and hydal energy under the proposed Green Cess Act.

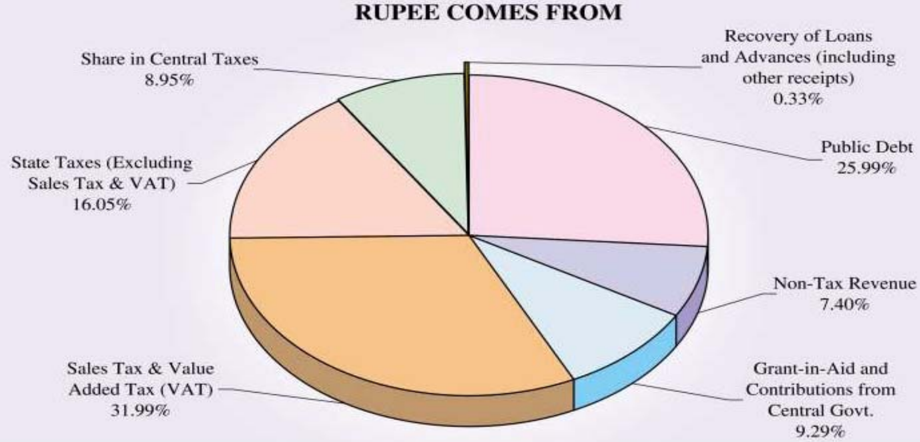
❖ Detailed discussion on the proposed Budget 2011-12 is going on before the current session of the August House. We have to wait and watch about the detailed discussion of the budget, because lets hope for the relaxation in non-budgetary subjects which needs consent of the August House.

❖ Receipt Estimates for the financial year 2011 – 2012.

RECEIPT ESTIMATES OF THE STATE GOVERNMENT, 2011-12

Item	₹ in Crore
Public Debt	21125.87
Non-Tax Revenue	6015.44
Grant-in-Aid and Contributions from Central Govt.	7551.41
Sales Tax & Value Added Tax (VAT)	26000.00
State Taxes (Excluding Sales Tax & VAT)	13045.90
Share in Central Taxes	7273.00
Recovery of Loans and Advances (including other receipts)	268.36
Total	**81279.98**

RUPEE COMES FROM

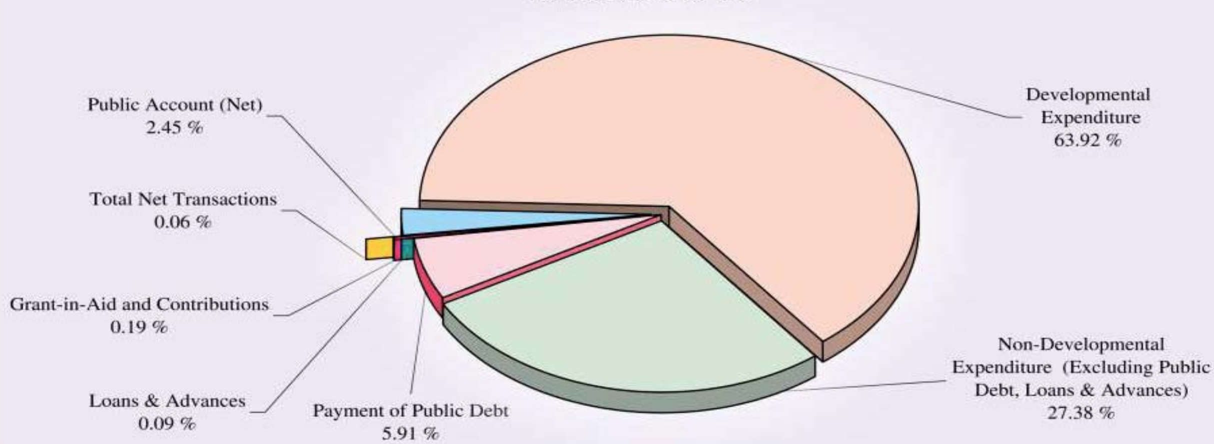


❖ Expenditure Estimates for the financial year 2011 – 2012.

EXPENDITURE ESTIMATES OF THE STATE GOVERNMENT, 2011-12

Item	₹ in Crore
Developmental Expenditure	51954.57
Non-Developmental Expenditure (Excluding Public Debt, Loans & Advances)	22254.68
Payment of Public Debt	4804.07
Loans & Advances	70.24
Grant-in-Aid and Contributions	153.73
Total Net Transactions	49.69
Public Account (Net)	1993.00
Total	**81279.98**

RUPEE GOES TO



Date: 25th February, 2011.

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