

The Maharashtra government announced applicability of VAT on sale of all flat registered after 1st April 2010 @ 1 percent of sale value under a composition scheme. The fine print is as below. The detailed notification is awaited.

"As per the judgement delivered by the Hon'ble Supreme Court a few years ago, VAT becomes leviable on the sale of construction material used in the construction of flats. Many consumers and consumer organizations are demanding simplification in computation of this tax. Having considered Amendments to VAT Act. Composition having considered all the aspects of this demand, I hereby announce a simple composition scheme for the builders and developers. Under this scheme, one percent VAT would be payable on the contract price of flats mentioned in the agreement of sale. However, such builders and developers will not be eligible for set off under the VAT Act. This scheme shall come into force for the agreements registered after 1st April 2010."