

Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee (Payable by Public Sector Undertaking Companies) (Amendment and Validation) Bill 2025

Maharashtra Government Widens the Scope of Pre-GST Amnesty Scheme for Public Sector Entities

On 3rd July 2025, the Maharashtra State Legislature introduced bill called as the **Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee (Payable by Public Sector Undertaking Companies) (Amendment and Validation) Bill 2025** to amend the **Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee (Payable by Public Sector Undertaking Companies), Act 2025**. The amendment is applicable retrospectively from 21st March 2025, the date on which the original Act came into force.

The Original Act

The original Act titled "*The Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee (Payable by Public Sector Undertaking Companies) Act, 2025*" aimed to provide a time-bound opportunity for public sector undertaking (PSU) companies to settle pending tax arrears under Pre-GST tax laws.

Key provisions included

- Relief for arrears related to tax, interest, penalty and late fees
- Coverage of periods up to 30th June 2017
- Amnesty from interest and penalties for disputed tax
- Deadline of 31st December 2025 for application and payment
- Covered laws includes the Central Sales Tax Act, Bombay Sales Tax Act, Maharashtra VAT Act, Entry Tax Acts, Works Contract Tax, Sugarcane Purchase Tax, and others.

Key Changes introduced by the Amendment and Validation Bill, 2025

1. Simplification of Title

The words "Payable by Public Sector Undertaking Companies" have been removed from the short title, reflecting the broader applicability of the scheme beyond just PSU companies.

2. Expanded Definition of 'Applicant'

The scheme is now open to a wider category of public sector entities, including:

- PSU companies
- Government corporations
- Public sector banks
- Departments of the Central or State Government
- Local bodies such as municipalities and panchayats
- Statutory authorities and autonomous institutions established by Central or State law or resolution

This significantly expands the reach of the scheme to include all public institutions that may have unresolved tax issues from the time before GST came into effect.

3. Retrospective Validation

The amendment is deemed to have come into force from 21st March 2025, the date on which the original Act became effective. This ensures legal continuity and applicability of the revised eligibility criteria from the inception of the scheme.

Key Settlement Benefits under the Maharashtra Settlement of Arrears of Tax, Interest, Penalty or Late Fee Act, 2025 *(As per Annexure A & B of the Act – unchanged by the 2025 Amendment)*

Type of Arrear	Applicable Period	Amount Payable by Applicant	Amount Waived under the Scheme	Remarks
Undisputed Tax	All periods up to 30 th June 2017	100% of the tax amount	Nil	No waiver granted; full payment mandatory
Disputed Tax	Up to 31 st March 2005	30% of the disputed amount	70% of the disputed amount	Significant waiver for very old tax disputes (Annexure B)
	1 st April 2005 to 30 th June 2017	50% of the disputed amount	50% of the disputed amount	Applies to disputes during the VAT and entry tax regime (Annexure A)
Interest (Payable under Relevant Act or as per any statutory order or returns or revised returns)	All periods	Nil	100% of the interest amount	Full waiver irrespective of whether interest was levied or leviable under the Relevant Act but not levied up to the date of application by the dealer.
Outstanding penalty as per any statutory order	All periods	Nil	100% of the penalty amount	Complete waiver of all outstanding penalty
Post assessment interest or penalty or both whether levied or leviable under the Relevant Act but not	All periods	Nil	100%	Includes post-assessment charges not yet reflected in statutory orders

Type of Arrear	Applicable Period	Amount Payable by Applicant	Amount Waived under the Scheme	Remarks
levied up to the date of application by the dealer				
Late fee payable in respect of returns filed on or before the last date for payment specified in section 10 of this Act.	1 st April 2005 to 30 th June 2017	Nil	100% of the applicable late fee	Waiver only applies if returns were filed on or before the due date under the scheme timeline i.e. 31 st December 2025

Notes:

- Undisputed tax includes tax amounts admitted in returns, audit findings accepted by the assessee, excess collection, TDS under VAT, and any tax collected but not remitted.
- Disputed tax refers to amounts under litigation or not admitted by the assessee.
- Annexure-A applies to arrears for the period 1st April 2005 to 30th June 2017.
- Annexure-B applies to arrears for the period prior to 1st April 2005.
- Waivers are proportionate to the payment made.
- No waiver is provided on any part of the undisputed tax.
- All payments must be completed on or before 31st December 2025.

Timeframes

Particular	Dates
Scheme Commencement	21 st March 2025
Last Date for Payment	31 st December 2025
Late application allowance	Additional 30 days (with reasons)
Order issuance by authority	Within 2 months from application date

Conditions for Eligibility

- Applicant must withdraw any pending appeal or litigation unconditionally
- Separate applications required for each financial year and for each category of arrears
- Application must be supported with proof of full payment of the requisite amount
- No refund is permitted under any circumstances

Review and Revocation Provisions

- The designated authority may revoke a settlement order if it was obtained by suppression or misrepresentation.
- The Commissioner may review orders within 12 months if they are found to be prejudicial to revenue interest.
- If revoked, all assessment and appeal proceedings stand revived as if the settlement never occurred.

CNK Comments:

The Maharashtra Government has taken a progressive step in resolving old pending tax recovery issues through this expanded amnesty scheme. All eligible public sector entities, including departments, corporations, boards and banks, are advised to evaluate their arrears and make use of this limited-period window for regularisation.

The last date for payment and filing is 31st December 2025. Interested entities should begin the process early to ensure proper compliance in order to be eligible for the benefits of the Scheme.

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