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Date: 11th March 2002

To,
Hon'ble Minister of Finance
Government of Maharashtra,
MUMBAI.

**SUB: WITHDRAWAL OF EXEMPTION OF SALES TAX ON
INSTRUMENTS & MATERIALS USED IN DENTISTRY.**

Respected sir,

This is in reference to the Maharashtra State Budget announcement of Withdrawal of Sales Tax exemptions available to Instruments & Materials used in Dentistry from 1st April'2001. We are seeking to continue the present exemption of Sales Tax on dental products, which are by an large used for benefit of general public. DENTAL COLLEGES, HOSPITALS mainly Govt. Organization AND DENTISTS use these dental products for treating patient for their dental health.

BACK GROUND:

The members of our associations are Manufacturers, Importers and Traders of Dental Equipment and Materials. Their customers are exclusively Dentists, Dental Colleges and Hospitals.

Maharashtra today is pride of India in having largest number of Dentists and also large numbers of Government, Semi Government and Private Centers providing subsidies rate of treatment to masses.

PREVIOUS EXEMPTION:

Our association had represented the matter to Maharashtra Govt. in the year 1997 and could obtain reduction of Sales Tax from 13% to 4%. This REDUCTION was given on the basis facts & reasons explained to the finance Dept., as per

enclosed copies of our several letters. We are enclosing herewith copy of Sales Tax Notification No.STA.1098/CR-46/Taxation-2 dated 29th April 1998 for your ready reference.

RESULTS:

After the exemption was announced we observed that the results were certainly encouraging e. g.

- a) The overall business scenario was improved with many more importers from north India have started operating from Mumbai, Pune & Nagpur.
- b) Few Multinational companies have also opened their offices in Maharashtra and started their operations in full swing.
- c) Earlier the dealers and manufacturers from neighboring states used to supply goods directly to consumers have now totally stopped coming to Maharashtra.

THE PROBLEM:

In the whole country, Maharashtra today will have the highest rate of Sales Tax, which is 13% + surcharge + turn over tax, total of 15.3% on all dental goods. This when coupled with Octroi of 4^{1/20}% comes to total of whopping 20%. A comparison between the rates of Sales Tax levied by different states as also the different rates levied by Govt. of Maharashtra on different items annexed hereto as Annexure-I.

Before the exemption Dentists, Hospitals and Colleges were searching their bulk purchase of dental equipment and other high priced materials from suppliers located in concessional sales tax zones, and neighboring states, there by saving 7 to 9% on their purchase price, as illustrated in Annexure-II. Now with the withdrawal of exemption we would see the same trend in purchase as mentioned above.

Recently Maharashtra Govt. has given permission to start 6 New Private Dental Colleges and all of them are in process of

establishing their Institute with Major Equipment Purchases. All of them are now placing their orders with Dental Equipment Manufacturing company operating from Pondicherry because they pay ONLY 2% Sales Tax Instead of 15.3% applicable in Maharashtra. Leave aside these private Institutions But State Govt. run Dental College & Hospital at Mumbai, Nagpur & Aurangabad also procure their major equipment & rate contract materials from Pondicherry. We are enclosing herewith copies of such orders for your ready reference as annexure III. As all these purchasing Institutes or Dentist do not fall in perview of Sales Tax Assessment these activities are not reassessed in terms of purchase tax by the concerned dept. leading to total loss of revenue to Govt. of Maharashtra. Hence it would be win-win situation for Govt. of Maharashtra as well as Dental Trade Community of Maharashtra if earlier slab of 4% Sales Tax is restored.

Apart from affecting the business of those companies, which are located in Maharashtra, it will once again incur substantial loss of revenue to Govt. of Maharashtra. For example consumer-buying goods from out of state will incur loss to state as he is not paying local tax. And at the same time dealers in Maharashtra will not be able to sell their products out of state due to higher rate of local taxes.

THE REMEDY:

1. If Govt. of Maharashtra continues to give exemption to Dental Instruments and Materials.
 - a) It will remain economical for traders of Maharashtra to purchase the goods themselves and then sell to the customers.
 - b) Customers will stop going directly to suppliers outside Maharashtra as it will be less expensive for them to purchase locally.
 - c) Importers, Manufacturers and Multinationals will be encouraged to set up their offices in Mumbai/Navi Mumbai/Thane regions because the best facility of International Airport, Sea port are available to them.

JUSTIFICATION:

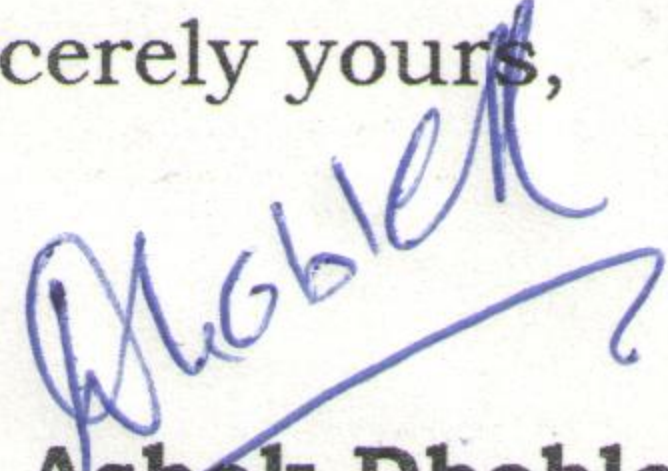
In keeping the aim of HEALTH FOR ALL, the Government of India has been lowering rate of Custom duty since last ten years. Therefore, it is only logical step that the states lower Sales Tax on these items for promoting good health. Over & above the list of items under earlier exemption, we request you to kindly include few dental products which were not included in the above. The list of additional items is enclosed herewith for your kind perusal.

We therefore, once again appeal to your honorable self to consider our request sympathetically and recommend the exemption to continue for Sales Tax on DENTAL EQUIPMENT, INSTRUMENTS AND APPLIANCES.

Thanking you,

Yours truly,

Sincerely yours,



Dr. Ashok Dhoble

Hon. Sec. General

ANNEXURE-I

	MAHARASHTRA	M.P.	DELHI	SILVAS	GOA	PONDICHERY	GUJRAT
SALES TAX							
on material	13%	6%	6%	6%	6%	2%	NIL*
on equipment	13%	2%	8%	6%	2%	2%	12%
Octroi	4 1/2%	N.A.	N.A.	N.A.	N.A.	N.A.	4%
* on specified dental items commonly used for preparation of Artificial Teeth & Impression Materials, non classified it is 12%.							
The Sales Tax for other items in Maharshtra							
Surgical Equipment and Material				8%			
Ophthalmic Equipments and Materials				6%			
Pharmaceuticals Products				6 to 8%			
Office Automation (Fax, Computers etc.)				2 to 4%			
Equipments for Professional use				8%			
X-ray Equipment for Medical use				6%			

ANNEXURE-II

COST COMPARISON OF PURCHASE MADE WITHIN
STATE & FROM OUTSIDE STATE:

PURCHASE FROM MAHARASHTRA:

DEALERS BASIC PURCHASE PRICE	Rs.	100.00
C.S.T. @ 4%	Rs.	4.00
OCTROI @ 4 ^{1/2} %	Rs.	4.50
TOTAL COST OF DEALER	Rs.	108.50
DEALER MAKES UP	Rs.	12.05
	Rs.	120.55
SALES TAX @ 13%	Rs.	15.67
ADD TURNOVER TAX @ 1%	Rs.	1.22
ADD SURCHARGE @ 10%	Rs.	1.56
DOCTOR COST	Rs.	139.00

PURCHASER FROM OUTSIDE MAHARASHTRA:

BASIC PRICE	Rs.	100.00
AGENCY COMMISSION	Rs.	10.00
C.S.T. @ 10%	Rs.	11.00
OCTORI @ 4 ^{1/2} %	Rs.	5.00
DOCTOR COST	Rs.	126.00