

**SALES TAX SYSTEMS IN
INDIA
A PROFILE**

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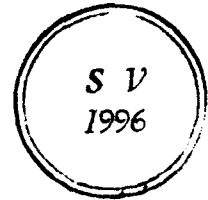
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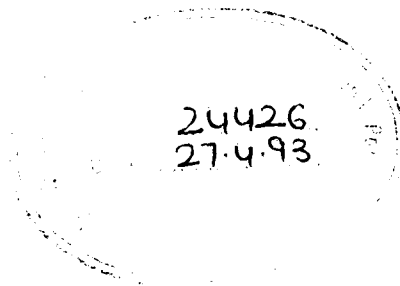
NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY



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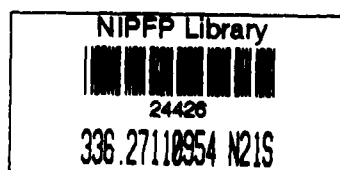


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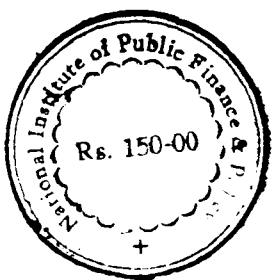
NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY

NEW DELHI





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FOREWORD

Over the last three decades sales tax has emerged as the most important source of revenue at the disposal of the State governments in India. The system of sales taxation prevalent in the country is however far from uniform, each State having its own law and related rules. This is the outcome partly of evolution of the system in each State in its own way. It also reflects the preferences of the respective States for a structure of the tax which would best suit their economic structure and administrative resources. The problems encountered in implementing the tax however are often of a similar nature. Exchange of information regarding the sales tax laws and procedures in different States and their experiences in implementing them can therefore be of some help in improving the efficacy of the tax in all States.

While competent works on the sales tax laws of almost all the States are available, information regarding the basic features of sales tax systems in the States is not readily available in one place. The present compilation is intended to fill this gap. This is the third issue of this compilation.

The Institute is indebted to the sales tax administrations and the Commissioners of the States covered in the compilation, for responding to our request for going through the write-ups and indicating corrections and changes where needed. It is earnestly hoped that the Institute will continue to receive the same generous cooperation from the sales tax administrations in the future in updating and revising the compilation.

We hope this compilation will be of some use to the policy makers. Suggestions for improving the contents and design will be welcome.

The credit for preparation of this edition of the volume goes mainly to Ms. R. Jeeja Bai Manay, Consultant who completed it under the overall supervision of Prof. Mahesh C. Purohit of the NIPFP. Ms. Rita Wadhwa edited the Profile, Mr. Anil Sharma provided the secretarial assistance and Mr. N. Natrajan provided help in prompt production of the volume.

January 1993
New Delhi

RAJA J CHELLIAH
Chairman

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ANDHRA PRADESH

The State of Andhra Pradesh was formed in 1956 with the merger of certain areas of the erstwhile Madras State and the Telengana region of the erstwhile princely state of Hyderabad.

The basic features of the Sales Tax Laws of these two regions were integrated in the Andhra Pradesh General Sales Tax Act (APGST) in 1957. Initially, the tax was a multi-point levy. Then there was a combination of single-point and multi-point levy. Subsequently, in 1963 on the recommendations of the expert committee of National Council of Applied Economic Research headed by Dr. P.S. Lokanathan and in 1977 on the basis of the S. Boothalingam Committee, the tax system was dominated by a single-point levy.

Presently the Sales Tax Levy in the State is covered under the Central Sales Tax Act, 1956 and the A.P.G.S.T. Act, 1957. Apart from this, the Department also administers, Entertainment Tax, Horse Racing and Betting Tax, Profession Tax, Entry Tax and Luxury Tax.

1. Structure

With effect from March 30, 1989, every dealer, irrespective of his turnover is liable to pay tax at the rate and at the point of levy specified in the Act. However, in respect of goods mentioned in the Seventh Schedule i.e. goods other than those specified in the first Schedule to the Sixth Schedule, a dealer other than a casual trader and an agent of a non-resident dealer whose total turnover for a year is less than rupees two lakh shall not be liable to pay tax in respect of goods mentioned in that Schedule.

Point of Levy: The A.P.G.S.T. Act, 1957, envisages a single point levy with a few exceptions. The First Schedule enumerates 189 commodities subject to sales tax at the point of first sale and two commodities subject to tax at the point of last sale in the

State. The second Schedule gives 8 items subject to first point purchase tax and 9 items subject to last point purchase tax. In Schedule III (of declared goods) 9 items are subject to first point sales tax, 6 items subject to first point purchase tax and 3 items subject to last point purchase tax. Schedule V lists 'Jaggery' as an item subject to multi-point sales tax and under very special circumstances subject to first point purchase tax.

As per Schedule VI, liquor is subject to multi-point sales tax upto the last but one sale with a provision for set off of turnover subjected to tax at the immediately preceding point of sale excluding that at the first point of sale. There is also provision for levy of tax at the point of last sale at the rate of 5 per cent, that is on the retail sales of liquor.

Schedule VII, enumerates the residual category items which were being subjected to multi-point taxation, upto 31.3.1989 as items also subject to tax at the first point of sale at the rate of 6 per cent provided that a dealer other than a casual trader and an agent of a non-resident dealer whose total turnover for a year is less than Rs.2 lakh is not liable to pay tax in respect of these goods. Tax in respect of supply of articles of food and drink in restaurants or catering houses or hotels is levied under Section 5-C.

It is important to note here that out of ten rate categories (1 to 10 per cent), four rates, viz 4,5,6 and 10 per cent cover about 75 per cent of the 236 commodities enumerated in the schedules.

The other three rate categories viz., 12, 14, 18 and 25 per cent cover the rest.

Additional Tax/Surcharge:

- i. *Additional Tax:* Under Section 5-A of the Act, every liable dealer whose annual turnover is between Rs.3 lakh and Rs.50 lakh is liable to pay additional tax as turnover tax at the rate of 0.5 per cent, if it is between Rs.50 lakh to Rs.1 crore at the rate of 1.0 per cent and if it is Rs.1 crore or more at the rate of 1.5 per cent.
- ii. *Surcharge:* Surcharge at the rate of 10 per cent on the tax payable or paid on sale or purchase of goods except on declared goods by all liable dealers was introduced with effect from 6.5.1980.

Some of the goods are exempted from levy of surcharge.

Purchase Tax: Every dealer who purchases any taxable goods from a registered dealer under the circumstances in which no tax is payable under Section 5 (which levies tax on sales or purchases of goods), or under Section 6 (levy of tax in respect of declared goods) or purchases any taxable goods from a person other than a registered dealer and consumes such goods in the manufacture of other goods for sale or consumes them otherwise or disposes off such goods in any manner other than by way of sale in the State or despatches them on consignment and not in the course of inter-state trade or commerce has to pay tax on the purchase turnover of the goods at the same rates at which the tax would have become leviable under Section 5 or Section 5-A (Levy of additional tax on turnover) or Section 6 (Tax in respect of declared goods).

Works Contract, Hire-purchase, Leasing: The definition of 'dealer' (Section 2(e)) 'goods' (Section 2(h)), 'sale' (Section 2(n)), 'turnover' (Section 2(s)(iii)(a)(i)) have been enlarged. 'works contract', as spelt out by section 2(t) means any agreement for carrying out for cash or for deferred payment or for other valuable consideration, the construction, fitting out, improvement or repair of any building, road, bridge or other immovable property or the fitting out, improvement or repair of any movable property.

The turnover limit has not been specified in the case of works contract. So far as the taxable event is concerned, Explanation II(a) to Section 2(n) indicates that a sale or purchase of goods shall be deemed to have taken place in the State of Andhra Pradesh, wherever the contract of sale or purchase might have been made, if the goods are within the State. Further Explanation VI to Section 2(n) explains that the transfer of property takes place irrespective of the fact that the value of the goods involved in the execution of Works Contract is shown or otherwise and whether the same can be separated from the contract for the service and the work done, with certain exclusions for labour and other service charges and tax suffered tax free goods involved in the works contract.

Leasing: With regard to taxation of 'Leasing', the definition of Dealer' (Section 2(e)(iii-b), 'goods', 'sale' (Section 2(n). Explanation IV)), 'turnover' (Section 2(s)(iii)(d)) have been enlarged. The taxable event, as per explanation II(a), is when the goods are within the State irrespective of the place of contract for transfer of the right to use the goods. The turnover, as per Section 2(s)(d), is the aggregate of amounts charged under Section 5-E (Tax on the amount realised in respect of any right to use goods). That is, the total amount realised or realisable by the transferor (dealer) of the right to use any goods for any purpose, whatsoever, whether or not for a specified period, from the lessee by way of payment of cash or otherwise on such transfer or transfers is the taxable turnover. The rate of tax is 5 per cent on the annual turnover.

Exemptions: Schedule IV enumerates exempted goods like salt, electrical energy, toddy and neera, husk of pulses, textiles, tobacco, sugar etc.

Exemptions, under Section 9(1) of the A.P.G.S.T. Act through special notifications are also granted.

Some goods have been exempted from tax to encourage and assist certain institutions, societies and industries.

Certain sales of Atomic minerals to the Department of Atomic Energy, sales of films sponsored by the National Institute of Audio Visual Education, New Delhi, transfer of the right to use films to Government and Doordarshan are also free from tax.

Taxation of Inputs: A very broad based levy of concessional tax has been introduced with effect from 30.3.1989 vide Act, No. 4 of 1989 i.e. the A.P.G.S.T (Amendment) Act, 1989.

After the introduction of the principal Act of 1957, component parts etc. were being taxed at the rate of 4 per cent with effect from 1.3.1974. Since 1987, however, the concession has been extended to all inputs such as raw materials, component parts, sub-assembly parts, intermediate parts, consumables, packing materials used in the production of certain goods specified in a notified scheme. But by amendment Act, No. 4 of 1989, the Act has been amended to extend the facility to all industries including those making consignment sales or branch transfers. Set off provision is accorded to packing material that has already suffered tax.

Incentives to Industries: The Andhra Pradesh Government has introduced tax deferment scheme in respect of new industries both large and medium and other industries. The investment in fixed assets for the former is upto Rs.10 crore for the industries located in such industrially backward areas which have been termed as 'Intensive Industrial Development Areas'. The monetary benefits available are to the extent of 15 per cent of fixed capital investment, the overall monetary benefit being Rs.100 lakh or Rs.30 lakh annually. The tax is permitted to be paid in five equal instalments (interest free) after 5 years of the commencement of production.

Other new industries - located in 'Intensive Industrial Development Areas' have the deferment of tax upto 15 per cent of fixed capital investment or Rs.50 lakh in gross or Rs.20 lakh annually. The conditions of repayment of tax are the same.

In the case of new industries, located in such industrially backward areas which have been termed as 'Identified Growth Area', the tax deferment benefit is limited to 15 per cent of investment in fixed capital or overall Rs.45 lakh or Rs.10 lakh annually. The conditions of repayment of tax are the same as in the case of the industries in the 'Intensive Industrial Development Areas'.

2. Registration

As per Section 12 every dealer with an annual turnover of Rs.50,000 is to get himself registered under the Andhra Pradesh General Sales Tax Act.

Section 5, however, fixes the liability of the dealers to pay tax in respect of each year, irrespective of the quantum of the turnover as per the different Schedules (Schedules I, II, III, V and VI). But in respect of goods mentioned only in Schedule VII, i.e. a residual entry with single point levy, the dealer, other than a casual trader and an agent of a non-resident dealer, should have an annual turnover of Rs.2 lakh and above to be liable to pay tax at the point of first sale in the State at the rate of 6 per cent.

3. Assessment

- Returns:*
- i. Every dealer (other than casual trader) whose turnover is not less than Rs.50,000 is required to submit a return of estimated turnover within 30 days of the commencement of business to the assessing authority concerned.
 - ii. Every casual trader has to submit a return of estimated turnover within 24 hours of his arrival in any place and give relevant information about the nature of the goods and the period of stay in the State before the appropriate assessing authority and also has to submit his final return for the period of his business.
 - iii. Every liable dealer has to submit a return of annual turnover (in duplicate) within 30 days of the close of the year concerned to the appropriate assessing authority.

- iv. Every dealer whose annual turnover exceeds Rs.10 lakh and/or total tax payable in a year exceeds Rs.12,000 and every newly registered dealer, irrespective of quantum of yearly turnover has to submit returns every month on or before the 25th day of the following month.
- v. Every Government department liable to pay tax should also file a monthly return.
- vi. Every liable dealer should submit a return - in respect of exempted purchases or sales.
- vii. Every dealer with a turnover of less than Rs.10 lakh or if the tax payable is Rs.12,000 should submit an annual return by 30th of April. There is a provision for provisional assessment if the monthly return filed is found to be incomplete or prima facie incorrect.

Mode of Assessment: There are three types of assessments (1) provisional assessment (2) summary assessment (3) final assessment. Dealers with a turnover of less than Rs.10 lakh and tax payable being not more than Rs.12,000 are assessed provisionally in advance on the basis of estimated turnover or actual turnover, during the year in 12 equal monthly instalments.

If the monthly returns filed by the dealer with a turnover of more than Rs.10 lakh or the total tax payable in a year being more than Rs.12,000 is incomplete or prima facie found to be incorrect, tax payable by such dealer would be provisionally assessed after providing the dealer an opportunity of proving the completeness and correctness of the return submitted by him.

Summary Assessment: Dealers with an annual total turnover of less than, Rs.10 lakh if the return filed by them is prima facie correct are assessed without their appearance before the assessing authority subject to certain conditions.

Final Assessment: All dealers other than casual traders are assessed to quantify their liability to pay taxes at the end of the financial year. The limitation of time prescribed to conclude the assessment is 4 years from the year to which the assessment relates. However, in cases of failure of a dealer to submit returns in time or produce accounts after inspection, the same is 6 years.

The assessing authority is empowered to make best judgement assessment in cases of turnovers escaping assessment, under assessed or assessed at a rate lower than the rates applicable.

Casual traders are assessed finally on their completing the business transactions.

4. Penalty and Prosecution

- Penalties:**
- i. If any dealer who is liable to pay tax under the A.P.G.S.T. Act, fails to submit a return as required by the provisions of the Act, the assessing authority may, after giving the dealer a reasonable opportunity of being heard, levy a penalty not exceeding Rs.500 (Section 13-A).
 - ii. If the return wilfully submitted by a registered dealer is incorrect or is belated or accounts, registers etc are produced after inspection or the turnover has escaped assessment or has been under assessed or assessed at a lower rate, in addition to the tax assessed, a penalty ranging from three times to five times the tax due can be imposed. In case where it is not wilful, the penalty shall not exceed one half of the tax due (Section 14).
 - iii. There is also a provision for imposition of penalty for failure to keep and maintain true accounts as per notice or directions (Section 25) - (Section 30-A), at Rs.2,000 or double the amount of tax which would have been payable had there been no such lapse, whichever is less.

Prosecution: The following offences, described under Section 30, are punishable on conviction, with fine or fine and simple imprisonment both depending upon the gravity of the offence:

<i>Offence</i>	<i>Punishment</i>
I. i. Failure to pay any assessed tax or penalty imposed in time.	Punishable with fine ranging from Rs.500 upto Rs.2,000.
ii. Failure to get registered even though liable.	-do-
iii. Wilful contravention of the provisions of the Act.	-do-
II. i. Prevention of or obstruction to inspection, entry, search or seizure (Section 28).	Punishable with simple imprisonment for a period ranging from 3 months to one year and with fine between Rs.500 to Rs.2,000.
ii. Or of inspection of any goods vehicle or boat carrying goods by Officer-Incharge of Check-post, barrier - (Section 29).	
III. i. Failure to file a return or filing of untrue return.	1st offence - fine ranging from Rs.500 to Rs.2,000. 2nd offence - Simple imprisonment upto one year with fine ranging from Rs.500 to Rs.2,000 3rd/subsequent offence (or the offence under (ii)) - simple imprisonment for the period ranging from 3 months to one year with fine ranging from Rs.500 to Rs.2,000 punishable with simple imprisonment upto 1 year & with fine between Rs.500 to Rs.2,000.
ii. Fraudulent evasion of payment of tax etc. (upto Rs.1 lakh).	
iii. Deliberate production of false/incorrect Accounts/Registers/documents or furnishing of false/incorrect information.	
iv. Wilful failure to issue a bill or cash memo for sales.	
v. Preventing inspection/wilful failure to produce documents or to give information.	
vi. Any violation of the provisions of Section 5-B with regard to levy of concessional tax in respect of certain goods on the strength of declaration for certain purchases as raw material etc.	

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| vii. | Failure by owners etc. of boats, goods - vehicles to carry the required records/documents. (Section 26, Section 27). | -do- |
| viii. | Driver/other person incharge of boat, goods vehicle refusing to give information regarding self, owner, consignor, consignee or giving false information to officer-incharge of checkpost, barrier (Section 29(2)). | -do- |
| ix. | Any person fraudulently evading or abetting evasion of any tax payable. | -do- |

5. Administrative Organisation

The Commissioner of Commercial Taxes is the Head of the Department. Apart from a Secretary and other sectional heads, the Commissioner is assisted by three Joint Commissioners, one in-charge of legal matters and revision orders passed by Appellate Deputy Commissioners, the other in-charge of the Intelligence and Enforcement Wing and the third incharge of revenue audit, Public Account Committee and internal audit. There are two Deputy Commissioners respectively in-charge of statistics and legal Wings and seven Assistant Commissioners and their complementary staff at the headquarters.

One Joint Commissioner Commercial Taxes is posted in the State Secretariat in the revenue department as Joint Secretary to Government.

The Sales Tax Appellate Tribunal consisting of a Chairman, a Judicial Officer of the rank of District and Sessions Judge, a Departmental Member of the rank of Joint Commissioner Commercial Taxes (kept independent of the administrative set up), an

Accounts Member, a Chartered Accountant or a member of the I.A. and A.S or of the Indian Revenue Service or Finance or Accounts Members of a public sector undertaking, works as the second appellate authority in the Department.

A Special Appellate Tribunal as a forum for revision on points of law has been proposed to be set up.

For administrative convenience the State is divided into 17 divisions each headed by a Deputy Commissioner with an Assistant Commissioner, (Audit). The Deputy Commissioner (Administration) is in overall charge of administration of his division and exercises powers of revision of orders passed by subordinate officers. Each division is sub-divided into circles of which Commercial Tax Officer is the head and handles assessments of the turnover above Rs.15 lakh and can take up cases of any dealer irrespective of quantum of turnover. He can suo moto revise the orders passed by the Deputy Commercial Tax Officers and Assistant Commercial Tax Officers. The Commercial Tax Officer also works as a Luxury Tax Officer and Entry Tax Officer.

The Deputy Commercial Tax Officer is the head of the Unit Office in a Circle and handles cases of dealers having turnover upto Rs.15 lakh. He is incharge of Profession Tax too. He is also vested with powers under the Revenue Recovery Act.

The Assistant Commercial Tax Officer assesses cases transferred to him by Deputy Commercial Tax Officer. By administrative arrangement, cases of turnover upto Rs.2 lakh are transferred to him. He is also the Entertainment Tax Officer.

6. Appeal/Revision (Remedial Measures)

The Act provides for two stages of appeals. The first Appellate Authority to hear appeals against the orders passed by Assistant Commercial Tax Officers, Deputy Commercial Tax Officers and Commercial Tax Officers is the Appellate Deputy Commissioner of Commercial Taxes.

The second stage of appeal is the Appellate Tribunal (Section 21, Rule 38, Rule 39 and Rule 43) which not only hears appeals against orders passed under Section 19 by the first appellate authority but also against the orders of revision under Section 20 passed by the Deputy Commissioner and Joint Commissioner (Legal). As per the Second Amendment to the Principal Act, vide Act No. 26 of 1988, Revision to Special Appellate Tribunal (instead of the High Court) has been provided for in Section 22 (revised). The questions only on points of law can be raised against the orders of the second appellate authority. However, the Special Appellate Tribunal is yet to be constituted.

Section 20 of the Act and Rule 34, 35 and 36 detail the provision for 'suo moto' revision by the Commissioner or Joint Commissioner, or Deputy Commissioner or the C.T.O. Under this provision, the revising authority may suo moto call for and examine the record of any order passed by any authority subordinate to it and in cases where it finds that the order in question suffers from any illegality, impropriety or irregularity and prejudicial to the interest of revenue, revise the said order.

7. Checkposts

With a view to prevent or check evasion of tax, the State Government has set up 40 checkposts. The driver or other person incharge of the goods vehicle is required to get the prescribed documents examined by the officer in charge of the checkpost and if the officer finds that the tax has not been paid or with a view to prevent evasion, may demand the tax to be paid or a security of five times the tax so payable. In case of non-payment of tax or non-payment of security, the officer in-charge has powers to detain the goods for 3 days and collect the tax payable, and in addition impose penalty upto five times the tax due - (Section 29). There are five integrated checkposts also set up in the State. These are jointly manned by the Sales Tax and other departments of the State Government.

ARUNACHAL PRADESH

The Assam Sales Tax Act 1947 (Act XVII of 1947) was in force in Arunachal Pradesh. The Act was extended to the then extended areas in Assam (which included the territory now comprising Arunachal Pradesh) by a notification issued under section 92(i) of Government of India Act, 1935.

The operation of the law was kept in abeyance for a certain reason by an executive order. At a subsequent stage, for giving effect to the provision of Central Sales Tax Act, 1956 the order was revoked by another executive order. Simultaneously, the Commissioner of Taxes was appointed in NEFA. However, it was made clear that the Commissioner should assess and collect only taxes under the CST Act, 1956 and the dues under the Assam Sales Tax Act should not be recovered.

The Central Sales Tax Act, 1956 (74 of 1956) applies to Arunachal Pradesh by virtue of sub-section (2) of section 1 of the said Act. The CST Act 1956, has been in force in the erstwhile NEFA and the registration of the Dealer under the said Act has been carried out since 1959. The Central Sales Tax Act 1956 are being governed by Central Sales Tax (Union Territory) rules 1957, in Arunachal Pradesh.

According to the State Government's view the imposition of sales tax for the time being will not be a feasible proposition on account of financial backwardness of the people of the State. At present, the State Government has no regular Sales Tax department. The Secretary (Finance) has been functioning as Ex-officio Commissioner of Taxes and services of Senior EACs in the District Headquarter are being utilised as Ex-officio Superintendents of Taxes.

The Arunachal Pradesh Sales Tax Bill is being passed by the State Government and it is still in the drafting stage.

At present vide Central Sales Tax Act, Sales Tax is mainly levied on the oil produce of the Indian Oil Corporation.

ASSAM

Assam situated in the north east corner of India, is basically an agrarian state while exploration, exploitation and refining petroleum form the bulk of the first industries in the State. In the State presently, apart from the Central Sales Tax Act, 1956, the following enactments are being administered for the purpose of levying sales tax.

- a. The Assam Sales Tax Act, 1947 amended up to date.
- b. The Assam Finance (Sales Tax) Act, 1956 amended upto date.
- c. The Assam (Sales of Petroleum and Petroleum Products, including Motor Spirit and Lubricants) Taxation Act. 1955 amended up to date.
- d. The Assam Purchase Tax Act, 1967.

1. Structure

Under the Assam Sales Tax Act every dealer whose turnover during the year exceeded Rs.20,000 is liable to pay tax. The taxable quantum in the case of Works Contract has been fixed at Rs.50,000 while for leases it is Rs.10,000 annually. Under the Assam Finance (Sales Tax) Act, 1956 and under the Assam (Sales of Petroleum and Petroleum products including motor spirit and lubricants Taxation Act 1955) no taxable quantum is specified like in the Assam Sales Tax Act 1947, a dealer becomes liable to pay taxes as soon as the dealer, sells/deals in taxable goods under such tax laws.

Point of Levy: The point of levy in the State of Assam under the Assam Sales Tax Act, 1947 is the last point of sale i.e. sale by a registered dealer to a person other than a registered dealer. Under the Assam Finance (Sales Tax) Act, 1956, however, the sales tax levy is the first point levy.

Rate Structure: In accordance with the provision laid in Section 4, Schedule II to the Act, specifies that declared goods are subject to tax at 4 per cent.

Other goods, other than the goods taxable under the Assam Finance (Sales Tax) Act, 1956 and the Assam (Sales of Petroleum and Petroleum products, including Motor Spirit and Lubricants Taxation Act, 1955) are taxable at the rate of 7 per cent. This is a last point levy. Under the Assam Finance (Sales Tax) Act, 1956, the first point levy of sales tax is in seven rate categories. The list in the schedule comprises of 75 items.

Purchase Tax: Under the Assam Purchase Tax Act 1967, the lowest rate of tax on the last point of purchase is on paddy at 2 per cent. Raw jute is taxed at 4 per cent; Raw hides and skin; bones of animals, birds, reptiles, fish are taxed at 3 per cent.

The Assam (Sales of Petroleum and Petroleum products including Motor Spirit and Lubricants) Taxation Act 1955 levies tax on petroleum and petroleum products.

Works Contract, Hire-Purchase, Leasing: By amended Section 2(2) of the Assam Sales Tax Act, 1947 works contract has been brought under taxation with effect from 1.4.1989.

Works contract has been defined as any agreement for carrying out or executing for cash, deferred payment or other valuable consideration viz. the construction, fitting out, improvement or repair of any building, road, wall, bridge, embankment, dam or other immovable property, or the assembling, fabrication, installation repair, fitting out, altering, ornamenting, blending, finishing, improving, processing, treating or adapting any immovable property whether attached to any immovable property or not and includes a sub-contract for carrying out or executing the whole or any part of such work in the State.

The definitions of 'dealer' 'sale' have accordingly been enlarged (Section 2(3)(ii), Section 2(12)(b)) Explanation (3) to section 2(12) explains that there will be intra-state deemed sales in Works Contract when the goods involved in the works contract are within the state at the time of their use, application or appropriation for the execution of the contract. Under clause 13(b) of Section 2, the full value of payment under works contract irrespective of whether the transfer of property in goods involved therein is in the form of goods or in any other form is taken to be the sale price. The contractee's supplies to the contractor, however, will be included at their market value. Even the sub-contractor's receipts will form part of the sale price under works contract. Explanations 1 and 2 of clause (13)(b) of Section 2 consider part contract relating to the same work as one single contract and part-payments or advance payments as part of sale prices under certain conditions. Clause (15)(a) of Section 2 defines turnover of sales' in the context of works contract. The exclusion of any amount refunded or refundable by the dealer or withheld from any payment made to him by way of discount, rebate penalty, damages or other wise in respect of such contract has been provided for. Schedule IV describes the kinds of Works Contract as also percentage of exclusion towards labour and other charges. Rate of tax is 4 per cent, under each kind, on the net 'sale-price'.

Leasing: Leasing has been defined as transferring the right to use any goods for any purpose, whether for cash, deferred payment, commission, remuneration or other valuable consideration in the State. The definitions of 'dealer', "sale" have accordingly been expanded. Explanation to the relevant section identifies intra-state sale in the case of 'Leasing' as when the goods have not been purchased inside the State by the person transferring the right to use the goods irrespective of the place or places where the contract for such transfer is made or the goods are delivered for use or are actually used except where the goods are intended to be exclusively used in another state. According to the explanation, transfer of the right to use any goods means the transfer by the owner of the goods of the possession or control or use of the goods specified in Schedule V to any other person for any purpose, whether or not for a specified period, for cash, deferred payment or other valuable consideration; the full value of the

consideration received or receivable shall be taken as the sale-price. 'Turnover of sales' is defined as the aggregate of the amounts of sale price received or receivable during any period by the dealer, i.e. the 'lessor', in respect of the transfer of the right to use any goods for any purpose, including an advance received towards the sale price during the period.

Exemptions: Certain goods, about 66 in number, have been exempted from tax as listed in Schedule III of the Act. All cereals including all forms of rice, fish, ghee, butter, cream (except when sold in sealed containers and excluding cooked food sold at one time to a person at a price exceeding ten rupees etc.), gur, molasses, mustard oil, sago, mathematical instruments, liquor sold to defence persons, educational materials (on certificates from heads of institutions) are exempt. Endi, muga cloth, potteries (produced and sold by producers co-operatives), khadi and/or products of village industries duly certified under Khadi and Village Industries Commission Act, 1956 or by the Statutory State Khadi and Village Industries Board, handwoven silk (Par) cloth, goods exported to Nepal/(on the strength of their certificate are also exempt from tax (Section 7).

Taxation of Inputs: Eligible dealers as per Assam Industries (Sales Tax concession) Act, 1986 are allowed to purchase inputs on a concession without payment of tax for the purpose of manufacture.

Incentives to Industries: Goods manufactured by new Industries are exempted from tax on their sales for a period of 5 years from the date of commencement of production. They are also extended the benefit of exemption of tax on their purchases.

2. Registration

Apart from registration under the Assam Sales Tax Act 1947, all the dealers, importers, manufacturers are liable to get themselves registered under the Assam Sales Tax Act 1947. A dealer with a gross turnover of Rs.20,000 is required to obtain registration under the Act.

3. Assessment

Returns: Every registered dealer/liable dealer shall furnish return by the prescribed date and pay tax due and enclose treasury receipt as also certain evidences in special cases, once in every quarter. In respect of Assam Finance (Sales Tax) Act, also the return is to be submitted quarterly.

Payment of Tax: as per sections 16 and 34 is to be ensured by the dealer.

Rebate of Tax: For regular submission of return and payment of tax, a rebate upto 1 per cent of tax is granted to the dealer.

Mode of Assessment: Ordinarily assessments for a half year period (or for a business closing within the period) and assessment under the Purchase Tax Act and Petroleum Act are concluded quarterly either by accepting the return without verifying the books of accounts or after serving a notice on dealer to appear, produce evidence in support of his return and after giving him opportunity to be heard.

If the dealer fails to make a return, as required, or fails to comply with the terms of notice, he is assessed to the best of assessing authority's judgement by determining the tax payable by him on that basis. On reasonable grounds to be given by the dealer within one month of the date of issue of demand notice, cancellation of assessment and fresh assessment can be made (Section 18).

There are special provisions for assessment of defaulting dealers who fail to get registered and to make return (Section 19) as also of those dealers whose taxable turnover has escaped or has been under assessed or wrong reductions have been made (Section 19-A). The period of limitation for initiation of such assessment is eight years from the end of the period concerned.

4. Penalty and Prosecution

Penalty: For unreasonable failure to furnish return or to comply with the notice under Act, or for concealment/deliberate furnishing of in-accurate particulars of turnover or for tax evasion, there is provision for imposition of penalty of one and half times the tax payable in addition to the tax (Section 21).

Prosecution: The penalty for the following offences, only on conviction, has been provided for:

- a. Failure to get registered or contravention of the provisions.
- b. Unreasonable, delayed submission of return or submission of false return.
- c. Registered dealer falsely claiming advantageous purchases of goods not included in his certificate of registration.
- d. An unregistered dealer falsely claiming advantageous purchases as a registered dealer.
- e. Failure to keep account or record of sales as required.
- f. Failure to produce accounts, evidence or documents, furnish information as required.
- g. Failure to comply with statutory requirement.
- h. Deliberate production of incorrect accounts, registers, document or furnishing of incorrect information.
- i. Fraudulent evasion of due tax or concealment of liability.
- j. Failure to pay assessed tax/penalty within the time allowed.

- k. Prevention of, obstruction to, entry, inspection by the competent officer.
- l. Prevention of, obstruction to, officer in-charge of checkpoint in the discharge of his duties.
- m. Charging sales-tax from purchasers on sales of exempted goods (under Section 6 and under Section 7 - Schedule III).

On conviction, the defaulter shall, in addition to any tax or penalty or both, be punishable with imprisonment for the period upto 6 months or with fine upto Rs.1,000 or with both. When the offence is a continuing one, a daily fine upto Rs.50 during the period of continuance of the offence is imposable.

5. Administrative Organisation

Assam has the Commissioner of Taxes, a Senior I.A.S. Officer, as the head of the Department of Taxation. This department also administers Electricity duty, Entertainment tax, Profession Tax and Agricultural Income Tax Acts. There are 2 Joint Commissioners, 6 Deputy Commissioners and 13 Assistant Commissioners and other Officers.

For the purpose of administration, Assam is divided into 10 zones each of which is supervised by an Assistant Commissioner of Taxes. The Superintendents of Taxes who are fairly large in number are entrusted with the work of assessment, registration etc. who are in turn assisted by the Inspectors of taxes.

6. Appeal/Revision (Remedial Measures)

The first appellate authorities are the two Assistant Commissioners (Appeals). The next appeal can be made to the Commissioner of Taxes for revision or to the Board of Revenue, whichever is preferred by the Assessee. The Commissioner may revise any

order either suo moto or on application by the dealer if he finds the assessment to be prejudicial to the interests of revenue. There is a provision for second revision by the Commissioner under specific circumstances.

Reference to the High Court only on points of law and interpretation can be made (Section 32).

Provision for rectification of mistakes apparent from records is also laid down.

The Assam (Sale of Petroleum and Petroleum products including Motor Spirit and Lubricants) Taxation Act 1955 The basic provisions of the Assam (Sale of Petroleum and Petroleum Products, including Motor Spirit and Lubricants) Taxation Act, 1955 are such as to fix the specific rate of tax at first point of sale of aviation spirit at 25 paise in a rupee, of motor spirit at 12 paise in a rupee, of diesel at 11 paise in a rupee, 10 paise in a rupee of lubricants and crude oil at 4 paise in a rupee.

7. Checkposts

There is a provision for setting up and erection of checkposts, barriers in the State to prevent evasion of tax payable. There are six checkposts working at present. These checkposts are erected to stop vehicles, to verify the nature and quantity of goods carried and pass on the information to assessing authorities for purposes of assessment. Every person transporting goods shall file before the checkpost/barrier incharge, a correct and complete declaration, in the prescribed form, of the goods being carried before he crosses the checkpost/barrier. Interception, detention and search powers have been vested with the officers incharge of checkposts/barriers.

BIHAR

Sales Tax was first introduced in Bihar in October, 1944. The original legislation has been replaced by a series of legislations. At present sales tax in Bihar, unlike several other states, is administered basically by two enactments namely, the Central Sales Tax Act, 1956 and the Bihar Finance Act, 1981 (effective from 1.4.1981).

1. Structure

Every dealer having a turnover exceeding Rs.1 lakh a year in the State (exceeding Rs.25,000 in the case of contractors) manufacturers, importers, dealers engaged in delivery and supply of goods for right to use the same on whom no turnover limit is fixed are liable to pay tax.

Point of Levy: In the State, basically single-point taxation system exists, the tax being levied either at the point of first sale or at the point of last sale which is done by the Government through notifications.

Where the point of levy in respect of any commodity is unspecified, tax is levied at the last point of sale i.e. sale by a registered dealer to a person other than a registered dealer. However, in such cases, the first liable, registered purchasing dealer issues a declaration in Form IX to the first liable and registered selling dealer taking the responsibility for payment of the tax (Section 11).

Rate Structure: Commodities are covered by 17 specified rates of tax ranging from 2 to 25 per cent. Except in the case of foreign liquor imported or manufactured in India and aviation spirit including Aviation Turbine Fuel, the rate of tax is 25 per cent. Cotton yarn and sewing thread and thread balls are taxed at the rate of two per cent (last point). Cereals and pulses are taxed at the rate of four per cent whereas luxury goods are taxed at rates ranging from 10 to 16 per cent.

The general rate of sales tax applicable to non-notified goods is 8 per cent (Section 12).

Surcharge and Additional Tax: Every dealer whose gross turnover exceeds rupees ten lakh per annum is liable to pay surcharge at the rate of 10 per cent, if the turnover is between Rs.5 lakh and Rs.10 lakh and at the rate of 10 per cent of the tax if the turnover exceeds Rs.10 lakh (Section 5).

Additional tax is levied at the rate of 1 per cent on the turnover of goods sold by every registered dealer. In case of liquor it is levied at 2 per cent (Section 6).

Purchase Tax: Under Section 4 of the Bihar Finance Act, every dealer liable to pay tax under Section 3, who purchases goods under the circumstances in which no sales tax is payable or has been paid on the sale price of such goods and either consumes such goods in the manufacture of other goods for sale or otherwise or disposes of such goods in any manner other than by way of sale in the state, or sale in the course of inter-state trade or commerce, is liable to pay tax on the purchase price of such goods at the same rate at which it would have been leviable on the sale price of such goods.

Works Contracts, Hire Purchase, Leasing: The Bihar Finance Act, 1981 has already been amended in 1984 to provide for taxation of works contract/hire purchase and transfer of right to use goods with effect from 1.4.1984 to suitably amend the definition of 'sale', 'goods' etc.

Works Contract: In respect of works contract, the turnover for taxation is specified at Rs.25,000 in a year. Labour charges are to be deducted from the gross turnover.

Deduction at Source:

- i. In respect of works contract executed to any person, there is a provision of deduction of tax at source at the rates specified by the Government from out of the amounts payable to the works contractor.

- ii. In respect of sales and supplies to Government Departments, undertakings, companies controlled by Government, of taxable goods, tax as specified could be deducted from out of the amounts by them to the dealers and remit it to the Treasury.

Leasing: Leasing has been defined under section 2(t)(IV) of the Act. The turnover for taxation of Lease has no limit. (Section 3(1)). Neither the taxable turnover nor the rate of tax nor the taxable event have been specified. Tax on leases has not been promulgated as yet.

Exemptions: As in other states, exemption is provided for a number of commodities on social and economic grounds. Goods such as eggs, meat, fish (uncooked), agricultural implements, certain specified articles made by artisans, mica etc. do not attract sales tax.

Besides, certain organisations and institutions including government departments enjoy exemption in respect of goods purchased or sold by them i.e. sale by or to military canteens, sale of khadi cloth duly certified by the Akhil Bhartiya Charkha Sangh etc.

Taxation of Inputs: Under section 13 of the Bihar Finance Act, 1981, registered manufacturers, dealers are entitled to purchase inputs on payment of sales tax at the concessional rate of 3 per cent for use in the manufacture or processing of goods for sale or for packing material.

Incentives to Industries: As an incentive to accelerate the pace of industrial development, the new industrial units have been allowed the deferment of sales tax for a period of five to seven years, if they are located in the areas of 'no industry districts'.

2. Registration

Every dealer liable to tax under the conditions laid down in the charging section 3 is required to get himself registered.

There are special provisions for manufacturers, processors, works contractors, mining businesses, electricity generating/distributing authorities for registration under Section 13(1) b(i), 13(1) b(ii), 13(1) b(iii) respectively.

3. Assessment

Returns: Every registered dealer is required to furnish a quarterly return in the prescribed form in respect of all his transactions for each completed quarter on or before the end of the month following the end of the quarter. An annual return has to be filed in Form XII on or before 31st July of the following year. The extension of time for filing any prescribed return may be allowed by the prescribed authority only once for not more than 30 days only after an application is filed by the dealer praying for extension. The Commissioner may grant further extension for 30 days for filing quarterly/annual return.

In case the dealer has a tax liability of more than Rupees two thousand five hundred in a month he has to deposit tax amount and furnish the monthly abstract of sales and purchases by the 25th day of the following month.

Payment of Tax: Every registered dealer whose tax liability in a month is below Rs.2,500, has to deposit admitted tax on or before the 25th day of the following month following the end of the quarter whereas in the case of monthly tax liability exceeding Rs.2,500, the liable dealer has to pay monthly admitted tax by the 25th day of the following month. The extension of the due date of payment of tax is granted in the same manner as laid down in regard to the extension of time for filing return (Section 16).

Rebate of Tax: Every registered dealer is eligible for rebate at the rate of half per cent of admitted tax subject to a maximum of Rs.50,000 in a year provided the dealer furnishes the complete and true return within the due date and makes payment of admitted and due tax within the prescribed date (Section 16).

Mode of Assessment: Under Section 17(1) of the Act, if the prescribed authority is satisfied that the return filed is correct and complete he shall complete the assessment of the registered dealer without requiring him to produce accounts and other evidences. Otherwise, the authority is empowered to call for the accounts and other evidences. Non-production of accounts, incorrect, incomplete, unreliable accounts, evidences, etc. may result in the assessment of tax to the best judgment of the prescribed authority. Even liable dealers escaping registration or failing to comply with the requirements of registration can be subjected to best judgment assessment.

Ordinarily, assessment proceedings shall be initiated and completed within eight years of the expiry of the period (not specified) to which it relates. There are, however, exceptions in the case of best judgement assessment proceedings (Section 17(5)), assessment proceedings of importers (Section 18), assessment of certain turnover (Section 19(1)). Any re-assessment proceeding resulting from an order on appeal, revision, reference or review has to be initiated and completed within two years from the date of communication of such order.

The Act does not provide for provisional assessment.

4. Penalty and Prosecution

Penalty: Every registered dealer is required to furnish return and make payment of tax within the due date. Failure to file quarterly or annual return attracts the levy of penalty not exceeding Rs.50 for each day of default after the due date/extended date. Failure to pay tax after the due date/extended date attracts penalty at the rate ranging from 2.5 per cent to 5 per cent for each of the first three months of default and ranging from 5 per

cent to 10 per cent for each subsequent month. But the prescribed authority can impose the penalties only after giving the registered dealer a reasonable opportunity of being heard (Section 16).

Prosecution: Section 49 contains provisions relating to prosecution for various offences. The offences have been grouped under three categories according to the extent of seriousness, the first group of offences punishable with imprisonment ranging from three to six months and a fine not exceeding Rs.1,000 being sale or purchase of goods without obtaining 'Registration Certificate', failure to surrender registration certificate in a certain circumstance, non-furnishing of security, failure to submit return, failure to pay tax as under the relevant provisions, illegal collection of tax, non-maintenance of accounts, non-compliance by clearing and forwarding agents, owners of warehouses and godowns. failure in regard to production for inspection, of accounts, documents and related failures etc.

The second group of offences include false claim of purchase by a registered dealer of certain goods even though not specified in his registration certificate, misutilisation of goods sold, purchased on the basis of declaration, exempted goods misutilisation, unregistered dealer falsely claiming to be registered, closure of place of business to prevent inspection, seizure of accounts/goods, violation of provisions on movement of goods, misuse of statutory forms, a registered dealer submitting a false return, aiding or abatement in the commission of such offences etc. are offences punishable with imprisonment ranging from 6 months to one year and fine not exceeding Rs.1,500.

The third group of offences, of rather serious nature, include wilful, deliberate maintenance/production of incorrect accounts, furnishing of incorrect information, obstruction to inspection/search, obstruction to officers following provisions on movement of goods, wilful tax evasion etc. are offences punishable with rigorous imprisonment ranging from one year to three years and fine upto Rs.2,000.

5. Administrative Organisation

The Finance (Commercial Taxes) Department is at present administering the following taxes.

- a. Bihar Sales Tax
- b. Central Sales Tax
- c. Bihar Entertainment Tax
- d. Bihar Electricity Duty
- e. Tax on Advertisements
- f. Taxation on Luxuries in Hotels

The department is headed by the Commissioner of Commercial Taxes who is an IAS Officer of supertime scale and who is also an ex-officio special Secretary to the Finance Department and in the headquarters, he is assisted by an Additional Commissioner (Establishment) a Senior Joint Commissioner (Policy), a number of Joint Commissioners, Deputy Commissioners, Assistant Commissioners.

However, a full fledged Bureau of Investigation also at the headquarters itself is headed by a Joint Commissioner of Commercial Taxes with Deputy/Assistant Commissioners of Commercial Taxes and Commercial Tax Officers in adequate number to assist the Commissioner in anti-tax evasion works.

The field organisation of the department comprises 11 divisions consisting of 74 circles in the State and one camp circle at Calcutta meant for non-resident dealers. A Division is headed by a Joint Commissioner of Commercial Taxes who is responsible for the proper administration of taxes and supervision of assessment and collection work in circles.

The main work of assessment and collection of taxes is entrusted to the circle offices of the department. The circle office whose annual collection is Rs.3 crore or more is usually headed by a Deputy Commissioner of Commercial Taxes while those having annual collection below Rs.3 crore are headed by an Assistant Commissioner. The number of Assistant Commissioners of Commercial Taxes and Commercial Tax Officers assigned to a circle depends on its workload.

There is a Joint Commissioner of Commercial Taxes (Appeals), posted at the divisional level to consider and dispose of appeals arising out of assessment/penalties and other orders.

Each division has a unit of the Bureau of Investigation. A Joint Commissioner (Admn) is in-charge of anti-tax evasion operations. He is assisted by Deputy Commissioner in-charge or Assistant Commissioner and adequate number of other officers.

A separate unit of the Directorate of Vigilance and Monitoring exists in a division. A Deputy Commissioner, Commercial Taxes monitors the quality of assessment orders, gets internal audit done with the help of auditors and looks after vigilance cases.

6. Appeal/Revision (Remedial Measures)

The Commercial Taxes Tribunal at Patna is the apex authority on questions of fact involved in the order, as the Revisional Authority. Revisions against the orders passed by the Joint Commissioner (Appeals) and Commissioner lie before the Tribunal (Section 8 & 46).

It is headed by a Chairman-Member who happens to be a retired judge of the High Court. A departmental member of the rank of Additional Commissioner/not below the rank of Joint Commissioner assists him. A third member, the accounts

member, of the rank of Accountant General/not below the rank of Senior Deputy Accountant General also helps in the quasi-judicial work (Rule 33). Reference only on questions of Law lie to the High Court.

The Commissioner of Commercial Taxes has been vested with the power of suo moto revision. The first appellate authority to consider and dispose of appeals against orders passed by an assessing authority is the Joint Commissioner (Appeals) in each division(Section 46(4)).

There is also provision for review of mistakes apparent from the record (Section 47).

7. Checkposts

Section 34 of the Act empowers the State government to set up checkposts and barriers at any place in the state with a view to preventing evasion of tax. This section also provides that every person transporting certain notified goods must file a correct and complete declaration in the prescribed form before the authorised officer while crossing the checkpost/barrier. The officers have enforcement powers vested in them to intercept, and search all road vehicles and river-crafts. However, there are no sales tax checkposts in Bihar since 1986.

DELHI

Delhi, the Union Territory, administers both the Central Sales Tax Act, 1956 and the Delhi Sales Tax Act, 1975.

1. Structure

Every dealer whose turnover during the previous year exceeded the 'taxable quantum' shall be liable to pay tax under the Delhi Sales Tax Act, 1975. The 'taxable quantum' in relation to any dealer generally making sales is Rs.1,00,000, while for manufacturers it is Rs.30,000, and for 'Halwais' is Rs.75,000. Importers do not have any taxable quantum limit.

Point of Levy: Sales Tax in the Union Territory is leviable on most of the commodities at the first point of sale. The other variety of sales tax is leviable at the last point of sale. (Section 5).

Rate Structure: There are lists of commodities subject to tax at different rates. The tax ranges from 1.5 per cent to 10 per cent. Most of the goods like motor vehicles, refrigerators, liquors, etc. specified in the first schedule (Section 4(1)(a)) are subject to tax at 12 per cent. The general rate of tax on unnotified or unspecified items is 7 per cent. Schedule II lists out goods of special importance taxed at a uniform rate of 4 per cent of sale are decided by the Administrator.

A large number of goods are subject to tax at 5 per cent. Such goods are ready-made garments, drugs, medicines, edible oils, washing soaps, optical lenses, plastic goods (of value upto Rs.30), L.P. gas, butter oil etc. Matches are taxable at the rate of 4 per cent. kerosene, khoa, non-tinned, butter, silk fabrics are taxed at the rate of 3 per cent. Silver ornaments, gold ornaments, raw wool, razai, gilafs (costing upto Rs.15 per piece). Non-fur, non-silk ready-made garments (costing upto Rs.30) are

taxable at the rate of 2 per cent. In accordance with section 4(1)b, coal including coke, cotton, iron and steel, jute, oilseeds, hides and skins, cotton yarn-declared goods-are subject to tax upto 4 per cent. Hosiery garments (costing less than Rs.30 per piece) are subject to tax at the rate of 1 per cent. Bullion and specie are subject to tax at the rate of 0.5 per cent.

Exemptions: Section 7 lays down that sales of goods specified in Schedule III with certain conditions shall be exempt from tax.

Schedule III lists 43 tax free items like all cereals and pulses, meat and fish, milk, edible oil, school exercise and drawing books, agricultural implements, charkha, scientific goods used in educational institutions, aids for the handicapped, black lead pencils etc.

Taxation of Inputs: Sales of inputs and raw materials are exempted from tax when purchased by registered dealers for use by them in the manufacture of goods in Delhi, subject to the condition that they are sold within Delhi or in the course of inter-state trade, commerce or in the course of export outside India. However the dealers purchasing raw materials falling under Schedule I are required to produce a certificate authorising them to purchase such goods without payment of tax.

2. Registration

Every liable dealer should get himself registered. There are three kinds of registration.

Voluntary: Any dealer, not dealing exclusively in tax-free goods, may voluntarily get registered provided his turnover during a year exceeds Rs.25,000 even though he may not be liable to pay tax ordinarily (Section 15).

Provisional: Any person who bonafidely intends to establish a manufacturing business in Delhi where the value of the output in a year exceeds Rs.30,000 may, on certain conditions, be granted, 'Provisional Registration' even though he may not be registrable under Section 14 (Section 16).

Special: Special registration is granted on fulfilment of certain conditions, to such dealers whose certificate of registration have been cancelled under Section 20(3) for certain defaults and his turnover exceeds the taxable quantum in the same year after the date of cancellation or if his turnover exceeds the table quantum in the subsequent year, (Section 17).

3. Assessment

Returns/Payment of Tax: In accordance with Section 21, every registered, liable dealer has to furnish quarterly return or monthly return as prescribed (under the circumstances of the case); Quarterly returns and taxes have to be filed/paid within a period of 45 days from the end of the quarter along with the proof for having paid the tax.

Every dealer who is required to furnish the quarterly return and whose turnover has exceeded Rs.10 lakh and the tax payable according to the return was not less than Rs.15,000 in the previous year, shall make monthly payments of the actually due tax, thus enclosing the three Treasury Receipts (challans) with the relevant return by the prescribed date (Rule 24(2)). Monthly returns, in special cases, have to be filed by the fifteenth day of the next month (Rule 21).

Mode of Assessment: Ordinarily, annual assessment is to be made in respect of registered dealers. If the assessing authority is satisfied that the returns furnished in respect of any period are correct and complete, he shall assess the amount of tax due from the dealer on the basis of such returns. (Section 23(2)). The summary assessment scheme has been introduced since 1978 to simplify assessment of small scale dealers. To improve the quality of service, a new scheme known as '*Simplified Tax Assessment*

according to the return of traders', (START) on the slogan, 'trust in the trader' has been launched w.e.f. 1.8.1990. Under this scheme, all registered dealers with a G.T.O. upto Rs.6 lakh would be allowed. The benefit of Summary assessment acknowledgment-cum assessment order will be issued across the table under Section 23(2). There would be post assessment scrutiny of a small percentage of cases selected at random. If not, he shall complete assessment after having served a proper notice (in form S.T. 13) as per rule 25 on the dealer and after having him or his representative duly heard and after due examination of accounts and evidences (Section 23(3) a, 23(3)b read with rule 26(2)).

There are provisions for best judgement assessment in cases where the dealer fails to comply with the terms of any notice issued under Section 23(3) or fails to furnish return by the prescribed date (Section 23(4), Section 23(5)). The best judgement assessment has also been provided for cases where unregistered dealers are found to have avoided registration, special registration (as the case may be) and if default continues penalty upto twice the amount of tax assessed in addition is imposed (Section 23(6)).

Normally, no assessment shall be completed after the expiry of four years and in the cases of unregistered dealers, after the expiry of six years, from the end of the year under consideration for assessment.

For cases where compliance to orders of appellate and revisional authorities result in assessment, the period of limitation is four years or six years, as the case may be, from the date of such order (Section 23(7)).

The best judgement assessment within the limitation of four years or six years, as the case may be, of the date of final assessment has been provided, where the dealer after original assessment, has been proved to have concealed, omitted or partially disclosed his turnover and thus the turnover has escaped original assessment, (Section 24).

In addition, one year time limit has been added to the date of service of notice in such cases.

4. Penalty and Prosecution

Penalty: For failure to file return and pay the tax due as per return by the prescribed date, penalty (in addition) upto twice the amount of tax payable or Rs.2,000 where no tax is payable is imposed (Section 55).

In cases of unregistered dealers' assessment, if there is a deliberate default on the part of the dealers in getting registered, penalty upto twice the amount of tax assessed may also be imposed (Section 23(6)). For (i) concealment of sales/furnishing of inaccurate particulars of sales, (ii) giving, producing or accepting false declarations with regard to tax-free sales, certain sales free at particular points (iii) unregistered dealer taking advantage of the purchase due to registered dealers, registered dealer taking advantage of purchase beyond the registration certificate, penalty in addition to tax payable (or evaded or leviable) upto 2 1/2 times the tax is imposed (Section 56).

Prosecution: There are two categories of offences, as listed here under, for which punishments have been provided depending on the extent of their seriousness:

<i>Offences</i>	<i>Penalties</i>
a. Deliberate holding, giving, production, acceptance of false declaration in respect of sales of raw materials for manufacture of goods (or in respect of sale of goods) to be sold in intra-state, inter-state or export trade or in respect of sale of containers, material, for the packing of goods meant for sale or resale or in respect of the	The offender shall be punishable with rigorous imprisonment upto 6 months or with fine or with both. If the offence is found to be a continuing one, he shall be punishable with a daily fine upto Rs.200 during the period of continuance of the offence.

- point of levy of sales tax.
(Second proviso Section 4(2)
a; first proviso Section 5).
- b. A liable dealer carrying on business without certificate/special certificate of registration (Section 14(1), Section 17(1)).
 - c. An unregistered dealer taking advantages of purchase due to registered dealer.
 - d. A registered dealer taking advantage of purchases beyond his registration certificate entries.
 - e. Non-surrender of registration certificate (on application or otherwise) (Section 20(5)).
 - f. Non-submission of return or submission of false return (Section 21).
 - g. Unregistered dealer collecting tax illegally.
 - h. Failure to keep true account of purchases and sales or record thereof (Section 38).
 - i. Failure or neglect to issue cash memo/bills (Section 39).
 - j. Deliberate maintenance, production of incorrect account, registers, documents; furnishing in correct information (Section 41).
 - k. Failure to comply with the requirement of production, inspection of accounts and documents, search of premises by competent authorities (Section 41).

- l. Closure of place of business with a view to preventing inspection (Section 41).
- m. Obstruction to or prevention of inspection, search or seizure (Section 41) or to discharge of such duties in connection with check post, barrier (Section 64).
- n. Failure, neglect or refusal by the owner or person incharge of a goods vehicle to comply with any of the requirements of Section 64.

In case, the offences under (a) or (f) or (i) or (k) or (l) or (m) or (n) are found to be wilful, the offender shall be punishable with rigorous imprisonment upto 6 months and with fine. If the offence is found to be a continuing one, he shall be punishable with a daily fine upto Rs.300 during the period of continuance of the offence.

5. Administrative Organisation

The Commissioner of Sales Tax is the head of administration with all the powers and duties prescribed under the Act. To assist him at the headquarters, in the execution of his functions, one Additional Commissioner of Sales Tax is posted.

There are two Deputy Commissioners, one incharge of general administration, accounts, administrative reforms, research and statistical cell, internal audit, revenue, audit and caretaking and the other incharge of appellate functions and the central circle. There are three Assistant Commissioners respectively incharge of law and judicial tribunal cell, enforcement, headquarters (policy and public relations) under the Commissioner. The fourth Assistant Commissioner, is incharge of electronic data processing cell, internal audit, care taking and is under the Deputy Commissioner Sales Tax. There are a few Sales Tax Officers also, posted in headquarters.

There is one Assistant Director, Research and Statistics who collects statistical information from the 18 branches/sections of the headquarters of the department and is under the control of Deputy Commissioner. An Appellate Tribunal consisting of one-member Appellate and an Appellate Registrar to assist him has been set up. The two wings, 'Dealers Assessment Wards' and 'The Judicial Wing' each under the control of the six Assistant Commissioners who look after dealers' registration and assessment on the one hand and judicial work on the other spread up in 50 wards with pecuniary jurisdiction of Rs.50,000 tax in dispute. Wards are looked after by STOs assisted by Assistant Sales Tax Officers who are in turn assisted by Inspectors.

6. Appeal/Revision (Remedial Measures)

The forums of appeal according to pecuniary jurisdiction are as under:

The Assistant Commissioner hears appeals against the orders of S.T.O's and Assistant S.T.O's of cases involving disputed tax upto Rs.2 lakh. The Deputy Commissioner, (appeals) hears appeals for disputed tax between Rs.2 lakh to Rs.4 lakh. The Additional Commissioner/Commissioner hears appeals for disputed tax above Rs.4 lakh.

The second appeal lies to the Appellate Tribunal (Section 43 read with Appellate Tribunal Regulations). The Statement of a case to the High Court can be sought to be made against the order of the Appellate Tribunal only on questions of law (Section 45). The Commissioner has powers of revision of orders prejudicial to the interests of revenue (Section 46). The Commissioner also acts as a revisional authority in cases, other than appealable cases. The period of limitation is 2 years. There are also provisions for rectification of mistakes apparent from the records (Section 48).

GOA

The Sales Tax was introduced in the former union territory of Goa, Daman and Diu (now the state of Goa), from 1.11.1964, which is an extension of the Bengal Sales Tax Act, as applicable to the Union Territory of Delhi. This Act is now called the Goa Sales Tax Act 1989 and the levy of sales tax is governed by Goa sales Tax Act 1989 and the CST Act, 1956.

1. Structure

Every dealer whose gross turnover during the year exceeded the taxable quantum is liable to pay taxes on all sales effected.

The dealers are classified into three categories i.e. (i) Importer or/and manufacturer (ii) non-resident dealers and casual dealers and (iii) any other dealer.

In the case of (i) the taxable quantum is Rs.10,000 if the goods imported/manufactured are worth Rs.1,500 and above during the year; if the income is less than Rs.1,500 the taxable quantum is Rs.20,000. In the case of (ii) the taxable quantum is Rs.1,500 and in that of (iii) it is Rs.50,000. For contractors it is Rs.10,000 or Rs.20,000 and Rs.50,000 as the case may be and depending upon the quantum of purchases.

Point of Levy: Sales tax in Goa is a single point levy confined as a general rule to the last stage of sale. However, the state government has power to authorise by the issue of notification, the levy of tax in any goods at the point of first sale.

Some goods like luxury goods are taxable at the first point of sale.

Rate Structure: There are in all 28 schedules appended to the Act out of which second schedule deals with items which are generally exempt from tax. The sixth schedule is in respect of sales of cooked food and non-alcoholic drinks served/sold in hotel, establishments, restaurants etc. The seventh schedule gives ceiling rate of right to use goods for various items enumerated therein. The other schedules indicate various rates starting from 5 per cent to 25 per cent. Against some of the schedules (schedule XV, XVII, XVIII, XIX, XXI, XXII, XXIII, XXIV, XXV, XXVI, XXVII and XXVIII) no items are specified so far. The items that are not covered by any of the 28 schedules are taxable under residuary entry at the rate of 7 per cent. The rates applicable on goods under schedules I, III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV and XV are I, II, IV, XXV, XXVII, for I to V and I/II, I, III, V, VI, VIII and X from schedules VI to XV.

Additional Tax: If the gross turnover of sale of any dealer exceeds Rs.20 lakh, additional tax at the rate of 10 per cent. On the sales tax payable by such dealer is levied.

Works Contract and Leasing:

- a. Every dealer is liable to pay tax on his taxable turnover of transfer of property in goods which have not suffered tax at any point of sale in Goa (whether as goods or in some other form) involved in the execution of works contract at the rate specified in various schedules.
- b. Every dealer is liable to pay a tax on his taxable turnover in respect of the transfer of the right to use any goods at the rate mentioned in Schedule VII i.e. 3 per cent.

Exemptions: Schedule II specifies tax exempted goods and these include goods of mass consumption such as cereals, pulses, bread, meat, fresh fruits, vegetables, fuel, wood, charcoal, fertilizers etc. There are some conditionally exempted goods also.

Incentives to Industries: There is a new scheme called 'Sales tax deferment-cum-interest free sales tax loan scheme' for the new Industries replacing the earlier scheme 'Interest free sales tax loan scheme'. The Industrial units registered with

the Directorate of Industries and Mines as a SSI and registered under the Sales Tax Act are exempted from the payment of ST for 15 years. However, for new industrial units which are set-up on or after 1.10.1991, exemption benefit is upto 15 years for SSI and 12 years for large/medium Industries or upto the reaching of tax liability amount equal to the capital cost of the industry invested in land, building and machinery only, whichever is later.

Treatment of Inputs: Purchases of inputs viz. raw materials and packing materials can be made locally, free of tax against prescribed form by a registered dealer for use by him within Goa. However, this facility is not available in respect of machinery, tools and equipments and in respect of goods taxable at first point.

2. Registration

In addition to compulsory registration granted under section 11 of the Act on account of liability under section 4 of the Act, which is a statutory obligation, there are provisions for (i) voluntary registration granted to the dealer who may not be liable to pay tax under Section 4 of the Act (ii) provisional registration - granted exclusively to manufacturing units on obtaining security (which is forfeited by the Commissioner, if he finds good and sufficient cause for realising any amount of tax or penalty payable by the dealer or if the dealer is found to have misused the statutory forms) and (iii) special registration granted to the dealers who register after cancellation of their earlier registration certificate, when they become liable again.

3. Assessment

Returns: Every dealer is required to furnish quarterly returns of his sales turnover within thirty days from the end of the quarter. However, payment of tax should be done every month within 30 days from the expiry of each month.

Mode of Assessment: Assessments are completed on an annual basis generally and for a part of the year, if the circumstances demand. When a dealer fails to furnish any return relating to any period of any year within the stipulated time, the Commissioner may assess the tax due from such a dealer separately for different parts of such year. The limitation period for assessment of registered dealer is 4 years while that for unregistered dealer is 6 years. The Commissioner has powers to reassess the tax if he has reasons to believe from the assessment order made that the dealer has concealed or furnished incorrect particulars, within 8 years and in other cases within 5 years from the period to which the assessment relates.

4. Penalty

If a dealer has concealed any particulars of sales, he is liable for penalty not exceeding one and half times the tax. Besides the Act provides for imposition of fine or a simple imprisonment for six months on any person who contravenes or fails to comply with the provisions of the Act and rules.

If the dealer fails to furnish returns and pay tax in time, he is liable to a penalty not exceeding one and a half times the amount of tax assessed.

Compounding of offences - The Commissioner may compound the offence with a compounding fee of Rs.5,000 at double the amount of the tax that would have been payable depending on the types of offences committed.

5. Administrative Organisation

The Department is headed by the Commissioner of sales tax assisted by Assistant Commissioners, Sales Tax Officers and Assistant Sales Tax Officers.

For the purpose of administration Goa is divided under 7 wards which are headed by Assistant Sales Tax Officers who are assisted by Sales Tax Inspectors.

6. Appeals

Appeal against the order of the assessing authority lies to the Assistant Commissioner of Sales Taxes. Second appeal lies before the Tribunal or revision application to the Commissioner of Sales Tax.

There is no separate intelligence cell established for detection of tax evasion. The assessing authorities themselves carry out these duties whenever the need arises.

7. Revision

The Commissioner of Sales Tax can on his own call for and revise suo moto, any assessment made or order passed under the Act.

GUJARAT

The State of Gujarat, which was reorganised on 1.5.1960 followed the pattern of the Bombay Sales Tax Act, 1959 till 5.5.1970. The levy of Sales Tax in the State under the Gujarat Sales Tax Act, 1969, on the recommendations of Maldevji Odedara Committee, came into force with effect from 6.5.1970 and has been amended by numerous amendments till now.

The State Sales Tax Department administers, apart from the Gujarat Sales Tax Act, 1969, the Gujarat Sales of Motor Spirit Taxation Act (on the lines of the Bombay Sales of Motor Spirit Taxation Act, 1958), the Central Sales Tax Act, 1956 and the Profession Tax Act 1976.

1. Structure

Tax is payable by lottery ticket sellers/importers/manufacturers/resellers/general dealers in the following turnover limits:

- i. Rs.10,000 (turnover covering sales of goods plus lottery tickets) in case of a dealer who is an importer of lottery tickets whose purchases of lottery tickets exceed Rs.1,000 in a year.
- ii. Rs.1,25,000 in the case of sales of lottery tickets exclusively during the year, whose imports exceeds Rs.5,000 in a year.
- iii. Rs.75,000 in the case of importers whose purchase or intake of taxable goods exceeds Rs.5,000 during the year.
- iv. Rs.75,000 in the case of manufacturers whose purchases of taxable goods from unregistered dealers goods each exceed Rs.5,000 during the year and also the value of taxable goods sold or purchased during the year exceeds Rs.5,000.
- v. Rs.75,000 in the case of such resellers whose purchases and sales of taxable goods each exceed Rs.5,000 during the year.

- vi. Rs.2 lakh in the case of such resellers of general class, whose purchases or sales of taxable goods each exceed Rs.5,000 during the year and also the value of taxable goods purchased from unregistered dealers do not exceed Rs.5,000.
- vii. The turnover limit in case of Works Contract has not been specified.
- viii. The turnover limit in case of transfer of the right to use goods, categorised as 'specified sales' is Rs.50,000 during the year and in certain special cases, Rs.5,000 in respect of goods specified in Schedule IV (Section 3(4) of the Act).

Point of Levy: The system of taxation is predominantly single point levy combined with double point taxation.

- i. The single point levy at the stage of first sale is called 'Sales Tax'.
- ii. The single point levy at the last point of sale is called 'General Sales Tax'.
- iii. The double point levy includes both Sales Tax and General Sales Tax.

Rate Structure: Schedules II and III indicate the goods subject to different tax rates.

Goods specified in Schedule II-part A are subject to 'Sales Tax' i.e. they are taxed at the first point of sale and broadly classified under five categories viz. (a) Industrial raw materials, fuels, lubricants, petroleum products, petrochemicals, fertilizers, chemicals etc. (b) Consumer durables and luxury goods. (c) excisable goods such as ganja, bhang, etc. (d) Goods declared to be of special importance under the Central Sales Tax Act, 1956. The rates vary from 2 per cent to 16 per cent (except in the case of foreign liquor in which case sales tax at the rate of 45 per cent is levied). (e) Certain other goods, the transactions of which pass through identifiable and controlled channels of trade.

Part B of Schedule II lists about 15 goods liable to general sales tax at the last point levy. The rates vary from 4 per cent to 8 per cent.

Schedule III specifies commodities which are subject to both sales tax and general sales tax i.e. Double point taxation which includes bullion and specie, articles of gold and silver, cosmetics etc. (which do not necessarily pass through controlled trade channels) and unscheduled goods. The rates vary from 8 per cent to 16 per cent, Bullion attracts general sales tax at the rate of 8 per cent. Most of the entries, however, are subject to sales tax at the rate of 4 per cent.

Schedule IV contains a list of commodities taxable on the lease rentals with the rate varying from 2 to 5 per cent.

Goods not specified in any of the schedules are subject to sales tax at 8 per cent and General Sales Tax at 4 per cent.

Surcharge; Additional Tax; Turnover Tax: Additional tax at the rate of 20 per cent of the amount of sales tax, general sales tax and purchase tax is leviable on every dealer. However, there is no additional tax on declared goods.

Every dealer except a works contractor is liable to pay turnover tax at the following rates on his taxable turnover:

- | | |
|--|--|
| i. Where taxable turnover does not exceed Rs.50 lakh. | Nil |
| ii. Where taxable turnover exceeds Rs.50 lakh but does not exceed Rs.2 crore. | 1 per cent of the taxable turnover in excess of Rs.50 lakh. |
| iii. Where taxable turnover exceeds Rs.4 crore but does not exceed Rs.4 crore. | Rs.1.50 lakh plus 1.25 per cent on the taxable turnover in excess of Rs.2 crore. |
| iv. Where taxable turnover exceeds Rs.4 crore. | Rs.4 lakh plus 1.5 per cent on the taxable turnover in excess of Rs.4 crore. |

Total turnover is taken into consideration for the purpose of fixing the liability. However, turnover tax is levied only on the taxable turnover. No TOT is leviable on declared goods. Interstate sales/purchases and sales against declarations.

Purchase Tax: Purchase Tax is leviable on the following conditions:

- i. If the liable dealer purchases goods listed in Schedules II and III from unregistered dealers and the goods so purchased are not resold in the State but used in the manufacture or consigned outside the State, purchase tax at the rates specified in the schedules is leviable.
- ii. Purchase Tax under Section 15A is payable by a registered dealer purchasing goods other than prohibited goods as mentioned in the Act and by a Commission agent purchasing goods other than prohibited goods at the rate of 2 per cent.
- iii. Purchase Tax under Section 15 B is levied on a dealer purchasing directly or through a commission agent any goods other than declared goods purchased and used as raw or processing material or consumable store in the manufacture of taxable goods and the rate is 4 per cent. Further tax paid on purchases would be set off if the manufactured taxable goods are sold within the State or inter-State or exported.
- iv. Purchase tax under Section 16 is a compensatory levy in case of violation of provisions of Section 12 or of provisions of Section 13 that is after having purchased the goods against certificate without payment of tax and the goods are used for other purposes or are not resold or despatched in the manner and within the period undertaken, the purchasing dealer is liable to purchase tax under Section 16.
- v. Purchase tax is also levied on the purchases of sugarcane by sugar manufacturers and on purchases of oil cakes, groundnuts which are not for sale to registered dealers.

Works Contract: In respect of works contract with effect from 5.8.1985, the Gujarat Sales Tax Act, enlarged the meaning of 'Sales' under Section 2(28) (c) in accordance with the 46th Constitutional amendment. The turnover limit for taxation has not been specified.

The rate of tax and the taxable event have not been specified separately. The prevalent rates of sales tax and general sales tax were being applied on the deemed sales and w.e.f. 6.8.1988, contractors were given the option to pay composition tax at the rate of 2 per cent on the total contract value.

Leasing: Tax is payable on the turnover of hiring charges received for transfer of right to use goods specified in Schedule IV i.e. on shamiana, furniture etc.

Exemptions: Under Section 5 of the Act, Schedule I gives the list of commodities which are exempt from tax and they include goods of mass consumption such as bread, cereals and pulses, eggs, fresh vegetables, edible tubers, milk etc. are exempt. Agricultural implements, poultry, educational instruments, educational films etc. Conditional exemptions also are granted like in the case of handloom fabrics of all varieties, patola sarees, silk khadi and ready-made khadi garments if sold by producers or institutions duly certified by the Commissioner of Sales Tax etc.

Taxation of Inputs: Industrial inputs are divided into two categories for this purpose, that is, prohibited goods and non-prohibited goods. A manufacturer purchasing goods other than those specifically prohibited for this purpose, declared goods and tax free goods for the manufacture of taxable goods for sale is allowed a set off of tax on such purchases; this is also allowed to a manufacturer purchasing goods from unregistered dealers for use in the manufacture. Set off is allowed subject to certain conditions.

Incentives to Industries: In Gujarat, there are two types of incentives available for new industries in backward areas falling under the location categorised as I to IV. The tax holiday and deferment of tax for five to nine years from the date of commencement of production on the basis of location of industries in category I to IV, is available. The incentives are determined as percentage of fixed capital investment with certain monetary limits.

2. Registration

Under Section 29 of the Act, dealers liable to pay tax have to get themselves registered. There is a provision for voluntary registration under certain conditions despite their total turnover being below taxable quantum as required under Section 3, the charging section, provided the dealer has a fixed or regular place of business and their purchases or sales exceed or are likely to exceed the limit of Rs.5,000 in the year. On an application of a registered dealer, a licence is issued under circumstances of export or despatch exceeding Rs.30,000 in the year.

Registered dealers-manufacturers whose sales turnover of manufactured taxable goods exceed Rs.5,000 in a year get recognition for certain exemptions in respect of purchase of non-prohibited goods as raw materials etc.

A registered dealer - a commission agent - whose purchases on behalf of his principal exceed Rs.30,000 limit in a year is entitled to get a 'Permit' for enjoying certain exemptions/concessions.

3. Assessment

Returns and Payment of Tax: All registered dealers, except oil millers and dealers to whom documents are granted for the first time, are required to file quarterly returns along with challans as proof of payment of tax. All returns have to be filed generally within one and a half months from the end of the quarter.

Dealers generally falling in the following categories have to file returns and pay taxes as detailed here under:

- i. Dealers whose annual tax in the previous year exceeded Rs.25,000 are required to pay the tax every month, within 1 month 7 days of the end of the month concerned, along with a declaration, within 1 month 15 days of the end of the month concerned, file the quarterly return along with a computer annexure and file annual return.

- ii. Dealers whose turnover of sales or purchases in the previous year exceeded Rs.5 lakh and the annual tax ranged between Rs.10,000 to Rs.25,000 have to file quarterly return, pay tax once in a quarter and file annual return within 90 days of the end of the year.
- iii. Dealers whose turnover of sales or purchases in the previous year did not exceed Rs.5 lakh and annual tax ranged between Rs.10,000 to Rs.25,000 have to file quarterly return, annual return within 60 days of the end of the year and pay tax once in a quarter.
- iv. Dealers whose turnover of sales or purchases in the previous year did not exceed Rs.5 lakh and annual tax did not exceed Rs.10,000 have to file return annually within 60 days of the end of the year, pay tax once in a quarter. Registered dealers who have been granted licence for the first time under the Act have to file monthly return within 1 month and 15 days of the end of the month and for 12 months in continuation from the date of grant of licence. Oil millers have to file annual return within 90 days of the end of the year in cases where their turnover of sales or purchases exceeded Rs.5 lakh in the previous year.

Similar provisions for other liable dealers under Section 3A or other sections have been provided in Section 40.

Mode of Assessment: Assessment of dealers is concluded annually. A dealer can request for the assessment for a period more than a year. However, if a dealer fails to furnish any return, assessment may be made in respect of part or parts of the year.

If the assessing officer is satisfied that the declarations/returns filed are correct and complete, the assessments are completed on the basis of the turnover disclosed in the return. The facility is specially available by way of simple assessment to dealers whose turnover does not exceed Rs.5 lakh. However, 20 per cent of them are subjected to random scrutiny.

If the assessing officer is not satisfied, with the return filed, the assessment under section 41 is completed only after the assessee has been heard. Failure to comply with the requirements or failure to file returns would result in assessment to the best of

judgement. Limitation of time is extended either by the Commissioner or the Government in cases where the dealers have defaulted in maintaining proper books of account.

In accordance with Section 42 of the Act, the time limit for completion of assessment is two years from the close of the year in which the last return is filed. However in the case of non-filing of return there is no time limit for assessment.

In the event of any turnover escaping assessment, reassessment proceedings may be initiated within 8 years (and in any other case within 5 years) from the close of the period concerned, and completed within three years from the date of service of notice in respect thereof.

Recently a provision is made for deemed assessments in respect of dealers whose tax liability does not exceed Rs.5,000 and the turnover does not exceed Rs.5 lakh per annum if he has filed the return in time and has paid the taxes due.

4. Penalty and Prosecution

Penalties: Penalty amounting to one and one half times the amount of tax in case of contravention of terms of certificate relating to reduced tax rate and terms of notice under section 41 (relating to assessment) is leviable.

A penalty of Rs.2,000 is leviable in case of non-presentation of licence etc. for cancellation, of Rs.2,000 is also imposed for non-filing of declaration or return required to be filed under section 40, when the assessed tax exceeds the tax paid by 20 per cent, penalty by way of simple interest at the rate of 24 per cent per annum on the difference between the tax paid actually and the assessed or reassessed tax is imposed and failure without sufficient cause to furnish information regarding change of business calls for

penalty amounting to Rs.2,000. For failure to issue cash memorandum of sales or purchases, penalty to the extent of 10 per cent of the bill or cash memoranda value is imposable (Section 45(8)).

If any person collects tax in contravention of the provision relating to exemption from all tax, he is liable to pay penalty of an amount not less than or more than double the amount of tax wrongly collected where it is reasonably believed that the contravention was wilful. If there is no evidence of wilful contravention, a penalty equal to the amount wrongly collected is imposable. Failure to maintain accounts in accordance to the relevant section of the Act also attracts penalty of an amount not exceeding Rs.2,000 or double the amount of tax which would have been payable had there been no such contravention, which ever is less.

Prosecution: Offences as enumerated below are punishable with simple imprisonment or with fine or both under the Act: (i) carrying on business without being registered (ii) knowingly furnishing false declaration or false return (iii) not being registered or voluntarily registered or (iv) not being a Licence holder. Recognised dealer or Permit holder, taking advantage of the provisions (v) taking advantage of reduced tax deduction etc. on deliberate submission of false certificate (vi) taking advantage of exemptions on deliberate submission of false certificate (vii) failure to keep accounts in accordance with rules despite direction (viii) Non-compliance of provisions regarding production and inspection of accounts and documents and search of premises, inspection of goods in transit special powers for reconstitution of records in certain circumstances. (ix) deliberate furnishing of false accounts, registers/documents or incorrect information, (x) obstructing any officer in inspection or search or seizure.

The punishment is simple imprisonment which may extend to 6 months or fine not exceeding Rs.2,000 or both. When the offence is a continuing one, a daily fine of not exceeding Rs.100 during the period of offence is imposable. Managers of the defaulting dealers are also liable to the punishment for offences (ii), (iv), (v), (vi), (vii), (viii) or (ix) mentioned above.

5. Administrative Organisation

The Department is headed by the Commissioner of Sales Tax, an I.A.S Officer in the super time scale at the state headquarters at Ahmedabad. He is assisted by one special Commissioner (enforcement) looking after anti-evasion activities, two Additional Commissioners one incharge of administration and policy and the other incharge of vigilance (relating to allegations of corrupt malpractices against officers), four Deputy Commissioners in charge of Audit, Enforcement, Legal and Profession Tax Officers in the Headquarters with four flying squad units under the charge of Deputy Commissioners. At the state level, statistical data compiled from the returns of dealers are processed in the computer unit under the charge of an Assistant Commissioner. The state has been divided into four divisions viz. Ahmedabad Division I (comprising of Ahmedabad City), Ahmedabad Division II, Vadodra Division, Rajkot Division under the administrative control of Deputy Commissioners of Sales Tax, and each Division is further divided into 2 to 3 ranges which are administered by Assistant Commissioners of Sales Tax Administrators who supervise the work of a number of Sales Tax Officers of their jurisdiction and who are incharge of registration, assessments, recovery of tax etc.

The Deputy Commissioners in the Divisional units have Assistant Commissioners one each incharge of administration, appeals, audit and enforcement. The Appellate Assistant Commissioner at the range level entertains appeals filed by dealers against the orders of the Sales Tax Officers.

There is a departmental training institute which imparts training to new entrants as also conducts refresher courses for its officials.

6. Appeal/Revision (Remedial Measures)

The first appellate authority in Gujarat State is the Assistant Commissioner (Appeals), who hears appeals filed by dealers against the orders of Sales Tax Officers. Deputy Commissioner (Appeals) is the Appellate Authority for the order passed by Assistant Commissioners and on the orders passed by the Deputy Commissioner, the first appeal lies to the Tribunal.

In the case of an order passed in an appeal by an Assistant Commissioner, a second appeal lies at the option of the appellant, either to the Commissioner or to the Tribunal.

The Commissioner has powers of suo moto revision.

The Tribunal also hears cases of revision against the orders of the Commissioner other than those orders passed by him in second appeal or in revision.

There is also a provision for rectification of mistakes of facts.

Reference or statement of a case lies to the High Court only on questions of law.

7. Checkposts

With the objective of prevention of tax evasion, 33 checkposts and barriers have been set up out of which four are permanent for keeping close watch on incoming and outgoing goods.

The driver/person incharge of any vehicle/boat/animal should stop the same at every check post or barrier, set up or erected to enable the officer-in-charge to examine the contents carried, and to scrutinise the documents.

The documents, record of substance of inquiry (in case of tax evasion) are to be sent to the Sales Tax Officer concerned by the check-post incharge to enable the Sales Tax Officer to finally assess the tax which was being evaded.

8. Study Team

The Study team set-up under the Chairmanship of Dr. V.V. Ram Subbarao, the present Commissioner of Sales Tax, has unanimously made the following recommendations:

- i. Single tier assessment system should be introduced.
- ii. Single point of levy of Sales Tax at the first stage except in few commodities like oilseeds and oil cakes on which it should be at last stage.
- iii. Deemed assessment of small dealers.
- iv. One time mass disposal of assessment cases of small dealers pending upto 1989-90 paying Rs.5,000 or less tax per year.
- v. Reduction of Schedule and tax rates.
- vi. Simplification of Sales Tax structure.
- vii. Opening of Sales Tax Office at Taluka Headquarters.
- viii. Computerisation of Checkposts.
- ix. Opening of Grievance Cell in Commissioners' Office for attending the grievances of Public against Department.
- x. Reduction of rate of interest under Section 47(4)(A) under certain circumstances etc.

HARYANA

The State of Haryana was created in 1966 after the reorganisation of Punjab.

Apart from the Central Sales Tax Act, 1956, the Haryana General Sales Tax Act, 1973 is being administered in Haryana. The Punjab Sales Tax Act, 1948 was initially being applied therein and the Haryana General Sales Tax Act, 1973 was introduced as an independent Act. Taxation of sales of motor spirit was covered under a separate statute. With effect from 1.1.1988, however, the Haryana General Sales Tax Act, 1973, with amendments, incorporates taxation of sales of motor spirit. The following Acts are also being administered by the Excise and Taxation Department in Haryana:

- i. The Punjab Passenger and Goods Tax Act.
- ii. The Punjab Entertainment Duty Act.
- iii. The Punjab Cinematograph (Show Tax) Act.
- iv. The Punjab Excise Act (including taxation on medicines and toilet preparations drugs (etc).
- v. Haryana Toll and Road Tax under Motor Vehicle Act.

1. Structure

Importers and exporters in the State are liable to pay tax irrespective of their turnover whereas all other dealers including manufacturers whose turnover exceeds Rs.1 lakh, are liable to pay tax.

Point of Levy: The Haryana General Sales Tax Act, 1973 envisages a single-point levy at the point of purchase or sale.

Presently, in accordance with the general trend towards the levy of tax at the first point of purchase or sale, basically luxury items and consumer durables are taxed at the first stage of sale. All other commodities are liable to tax at the last point of sale in the State.

Rate Structure: The State has broadly 9 different rate categories. The tax ranges from 0.5 per cent to 12 per cent.

The general rate, however, is 8 per cent which is applicable to non-specified goods. Liquor (foreign and I.M.F.L) is taxable at 20 per cent.

Surcharge: Surcharge prior to 1.1.1988, at the rate of 2 per cent on the amount of tax payable was being levied. With effect from 1.1.1988, however, the rate has been increased to 10 per cent.

No surcharge is payable on the tax payable in respect of declared goods under the Act.

Purchase Tax: Purchase tax, is leviable on purchase value of certain goods (1) when a dealer purchases goods, other than those specified in Schedule B (tax free goods) from any source in the State and uses them in the State in the manufacture of schedule B goods or (ii) purchases such non-tax free goods from any source in the State and uses them in the manufacture of any other goods and either disposes of the manufactured goods without selling them in the State or makes outside state despatch of the finished goods otherwise by way of sale in the course of inter-state trade or commerce/export outside the territory of India or (iii) purchases the non-tax free goods and exports them so as to avoid tax. Purchases of goods used in the manufacture are taxable and set-off provided from the tax payable on their sales.

Works Contract: Hire Purchase, Leasing: The Haryana General Sales Tax (Amendment and validation) Act, 1984 and the Haryana General Sales Tax (Amendment) Act, 1989 have defined 'Contractor', 'Contractee', 'goods' (Section 2 clauses (ba), (bb), (f)) to give tax treatment to works contract.

As per clause (L), note 3 of section 2, a sale falling under sub-clause (ii) of section 2(L) i.e. under works contract, has to be deemed to have taken place within the State if the goods involved in the execution of works contract are within the State at the time of their use. This will be the taxable event.

The taxable quantum, for contractors has been fixed at Rs.1 lakh. The normal rates of tax applicable to particular class of goods will be applicable. Compounded tax, at the rate of 10 per cent on gross contract can be paid on the value opted for by any contractor.

Leasing: In case of Leasing too, the Act of 1989 mentioned above has defined 'sale' in clause L(iv) of Section 2.

As per clause L, note 4 of Section 2, a sale falling under sub-clause (iv) of section 2(L), i.e. under the transfer of right to use any goods, shall be deemed to have taken place within the State if the goods in respect of which right to use has been transferred are within the State at the time of their use. This will be the taxable event.

The taxable quantum with effect from 19.10.1988, in respect of any dealer who transfers the right to use tents, kanats, chholdari, crockery, utensils, furniture and all other goods dealt with by the tent dealer and all other allied dealers for decoration and lighting purposes, etc. etc., is 'nil' i.e. liability starts irrespective of turnover. The normal rates of tax applicable to particular class of goods, would then apply.

Exemptions: Schedule B of the Act, lists 61 goods as exempt from tax. These include vegetables, milk, meat, eggs, common salt etc., books, periodicals, exercise and drawing books. Goods sold to certain charitable and philanthropic societies such as the Indian Red Cross Society and St. John Ambulance Association. etc. have been exempted from tax on social and human considerations.

Taxation of Inputs: No sales tax is leviable on sales of finished goods and raw materials to new tiny industrial units for a period of 2 years from the date of start in all areas.

Incentive to Industries: Apart from a tax-holiday, payment of Sales Tax and Central Sales Tax has been deferred for new industries for 9,7 or 5 years depending upon the location of the unit in zones A,B,C (classification according to the extent of industrial backwardness). 90 per cent, 60 per cent or 30 per cent of fixed capital investment upto the overall monetary limit of Rs.4.5 crore, Rs.3 crore or Rs.1.5 crore, as the case may be, is the benefit made available for all sizes of industry depending upon the zone of location. Pioneer and prestigious units are eligible to the benefit of deferment upto 100 per cent of the amount of fixed capital investment or Rs.5 crore whichever is less.

2. Registration

Compulsory: Every dealer liable to pay tax is required to get himself registered, that is every importer and exporter irrespective of turnover whereas it is mandatory for every dealer whose annual turnover exceeds Rs.1 lakh. However, for dealers new purchase and sell goods within the State the turnover limit is Rs.2 lakh.

Voluntary: Any dealer who deals in goods (not tax-free goods as mentioned in Schedule B) and whose sales of such goods during a year exceed Rs.15,000 may apply for registration, which is voluntary, even though he may not be liable for registration.

Provisional: Provisional registration is granted under section 21 of the Act to any person intending to establish a business in the State for the purpose of manufacturing goods of value exceeding Rs.10,000 in a year despite the fact that he may not be liable.

3. Assessment

Returns: Registered dealers are required to file quarterly returns within 30 days of the end of each quarter. The prescribed authority can, however, require any dealer to furnish monthly return by recording the reasons therefor.

Payment of Tax: Each registered/liable dealer shall pay the full amount of tax due from him under the Act according to the return before filing the return. Dealers with an annual tax of Rs. one lakh are required to pay taxes every month and it is obligatory on all dealers to pay tax on monthly basis during the last quarter ending March 31, in case yearly tax exceeded Rs.6,000 during the preceding year.

Mode of Assessment: Normally assessments are made annually. However, in special circumstances the assessment of a dealer can be made on quarterly basis. If the assessing authority is satisfied without requiring the presence of the dealer and the production by him of any evidence that the returns furnished by him are correct and complete, he can assess the amount of tax due from the dealer on the basis of the returns.

If the assessing authority wants the presence of the dealer and production of evidence in support of correctness or completeness of returns, he may call him for production of the books of accounts and other relevant documents to examine the same and assess the amount of tax due from the dealer.

If a dealer fails to comply with the terms of the notice after having furnished returns, for a particular period, best judgement assessment can be completed within five years from the expiry of the period under consideration. Such best judgement

assessment, on reasonable opportunity having been given for being heard, can also be completed in a case where the dealer does not furnish returns in respect of any period by the prescribed date, within five years from the expiry of such period.

Unregistered dealers liable to pay tax can also be assessed within the same period of limitation. In special circumstances, provisional/best judgement assessment in case of tax evasion/avoidance can be concluded.

There are special provisions also for summary assessment. In respect of a dealer whose gross turnover in a year does not exceed Rs.3 lakh under both H.G.S.T. Act and C.S.T. Act and who has shown an aggregate increase of at least 15 per cent in tax over the tax paid in the year immediately preceding without requiring the presence of the dealer and production of account books and evidences in support of his returns subject to the conditions that (i) the dealer should have filed all the returns in time duly accompanied with declarations, bills of loading, certificates, list of sales and purchases of goods, as prescribed, during the year under consideration. (ii) tax should have been calculated at correct rate in the returns and the due amount should have been deposited. (iii) no offence of evasion of tax was committed or detected for which penalty could be imposed.

4. Penalty and Prosecution

After getting investigation of offences conducted in accordance with provisions of section 45, the following offences are punishable with penalty.

<i>Offence</i>	<i>Penalty</i>
i. Failure to furnish returns without sufficient cause.	Not less than Rs.5 but not exceeding Rs.10 for every day of default.
ii. Failure to pay tax due according to return.	Not exceeding one and a half times the amount of tax due

	as per return and to which the dealer is assessed or liable to be assessed.
iii. Failure to maintain correct accounts and to furnish correct returns.	In addition to tax, penalty not less than two times and not exceeding three times the amount of tax which would have been evaded if the turnover as returned had been accepted as correct. In case no tax is payable, penalty ranging from Rs.100 to Rs.1,000.
iv. Collection of tax on tax-free goods by any person, unregistered dealers collecting tax, registered dealers collecting excess tax.	In addition to tax, penalty not exceeding Rs.500 or twice the amount so collected whichever is higher.
v. Misuse of registration certificate.	Not exceeding one and a half times the tax payable.
vi. Other offences.	Not exceeding Rs.2,000. If the offence is a continuing one, daily penalty not exceeding Rs.50 during the period of continuance.

5. Administrative Organisation

The overall administrative control rests with the Excise and Taxation Commissioner posted at Chandigarh. There are three Additional Excise and Taxation Commissioners, one incharge of Sales Tax Administration and the other incharge of checkpoints/barriers etc. and the third dealing with legal matters. There are four Joint Excise and Taxation Commissioners posted at the headquarters. They respectively assist the Commissioner and supervise the work of inspecting officers and investigation wings working at district levels. One Joint Excise and Taxation Commissioner looks after the work of administration and one Joint Excise and Taxation Commissioner supervise the Excise work. There is a Deputy Excise and Taxation Commissioner

posted at headquarters who is incharge of research and investigation. He also assists the Commissioner. The administration of sales tax in the districts vests with the Deputy Excise and Taxation Commissioners of each of the 17 districts. These officers supervise the work of Excise and Taxation Officers working as assessing authorities in respect of the Central Sales Tax and H.G.S.T. Acts. The Excise and Taxation Officers assess cases of gross turnover exceeding Rs.5 lakh a year whereas the Assistant Excise and Taxation Officers assess the cases of gross turnover upto Rs.5 lakh a year.

There are thirteen Deputy Excise and Taxation Commissioners, incharge of inspection, who have jurisdiction over the district to have effective control over the assessing authorities in regard to the legality and propriety of the assessment orders etc. passed by them. They are assisted by an Excise and Taxation Officer and supporting staff. These are revising authorities. One Excise and Taxation Officer (Enforcement) is incharge of checking and detecting cases of tax evasion in each district. He is also vested with powers of assessing authority. One Excise and Taxation Officer looks after the work of Excise and Taxation Officers (AES) are also posted in the bordering districts to check evasion of Tax.

There are three appellate divisions each under the charge of a Joint Excise and Taxation Commissioner (Appeals). Every appeal against the order of the assessing authority/checkpost/barrier incharge has to be filed before the appellate authority of the division concerned.

There is an Institute for Training at Karnal headed by Joint Excise and Taxation Commissioner, designated as principal, assisted by the Excise and Taxation Commissioner and other Staff.

There is a Sales Tax Tribunal at Chandigarh which hears second appeals.

6. Appeal/Revision (Remedial Measures)

An appeal on the order of assessing authority lies to the Appellate Deputy Excise and Taxation Commissioner and if the order has been passed by the Deputy Excise and Taxation Commissioner, to the Commissioner and if the order has been passed by the Commissioner, to the Tribunal. The Excise and Taxation Commissioner may suo moto revise the orders of Deputy Excise and Taxation Commissioner (Appeals) or Deputy Excise and Taxation Commissioner, (Administration) or Excise and Taxation Officer/Assistant Excise and Taxation Officer/Taxation Inspectors on finding any illegality or impropriety.

There are provisions for rectification of mistakes apparent on the face of the record.

There are provisions for statement of case to High Court against the orders of the Tribunal only on questions of law.

7. Checkposts

The State government has erected 67 checkposts/barriers at important points of entry and exit.

The owner or person incharge of the goods or goods carrier, entering or leaving the limits of the state, is required to furnish the relevant documents before the officer-in-charge of the checkpost, copies of which are to be produced before the assessing authority at the time of assessment.

Default attracts penalty of Rs.2,000 or 20 per cent of the value of the goods whichever is higher depending upon the nature of default.

HIMACHAL PRADESH

The Central Sales Tax Act came into force in Himachal Pradesh in 1956 but there was no State sales tax until 1958 when the Punjab General Sales Tax Act was enforced and tax was imposed on some luxury goods. After the reorganisation of States in 1966, some areas of Punjab were merged with Himachal Pradesh. Only these areas remained under the ambit of the Sales Tax Act till 1968, when the Himachal Pradesh General Sales Tax Act was enacted and enforced in the whole of the State. In addition, the Motor Spirit (Taxation on Sale) Act, 1948, provides for the levy of sales tax on motor spirit.

1. Structure

Dealers whose annual turnover exceeds Rs.3 lakh are liable to pay sales tax. Transporters are also made liable for registration. For manufacturers, liability to pay tax arises if the turnover is Rs.40,000 or more. There is no turnover limit for importers and they become liable to pay tax with the first sale of imported goods in the State. In the case of cooperative societies, the turnover limit is Rs.5 lakh.

Point of Levy: Himachal Pradesh General Sales Tax Act is amended to tax all goods only at the first stage with complete switchover to the system of first stage levy, those dealers who sell only such goods as are proved to have been already subjected to sales tax would not be required to be registered, as no tax would be payable by them.

Rate Structure: Rates of tax vary from 0.5 per cent to 10 per cent. Foreign and Indian made foreign liquor is taxed at the rate of 25 per cent. Bullion and specie are taxed at 0.5 per cent. The rate of 1 per cent is applicable to tractors and all types of yarn. Groundnut and readymade garments made of handloom or millmade cloth are taxed at 2 per cent. Foodgrains attract 3 per cent tax and chassis of buses and trucks suffer tax at

3.5 per cent. Other rates are 4 per cent (applicable to declared goods), 5, 8 and 10 per cent. Schedule A goods such as refrigerators, cigarette cases and cameras are taxed at 10 per cent.

Non-specified (unexempted) goods are taxed at the general rate, which is at present 7 per cent.

Surcharge: Surcharge is merged ^{with} sales tax and is not payable separately.

Exemptions: Schedule B of the Act has a list of goods which are exempted from tax. In all, there are 65 categories of such goods. These include items of mass consumption, such as, vegetables, milk, eggs, fresh fruits, common salt, books, etc., and also a large number of agricultural implements. Some other items have been exempted in order to encourage local cottage and small industries and include straw covers, fruit packing cases and solar energy equipment. Conditional exemption has been accorded to articles of handicrafts sold by Tibetan Refugee Handicrafts-cum-Production Centre, Dalhousie, other handicrafts sold through Government emporia, goods sold by Dhauladhar Farm Forestry Projects, Palampur, and foodgrains supplied free of cost by the Government of India under the Food for Work Programme.

Incentives to Industries: In order to encourage small-scale industries in the State, tax holiday was provided for a certain period to new industrial units by a notification issued in 1974. A fresh notification was issued in 1978 prescribing concessional rates of tax on the sale of goods manufactured by newly set up small-scale units. Goods which are subject to the rate of 7 per cent are taxed at 2 per cent for the first five years and at 4 per cent for the next five years. Goods which are normally taxed at a rate higher than 7 per cent are accorded a concessional rate of 3 per cent for the first five years and 5 per cent for the next five years.

2. Registration

Every dealer liable to pay tax has a statutory obligation to get himself registered. The law also provides for voluntary registration by dealers whose turnover is below the taxable limit. Any person intending to establish a business in Himachal Pradesh for the purpose of manufacturing goods of a value exceeding Rs.10,000 a year, may also obtain provisional registration.

3. Assessment

Returns may be filed monthly or quarterly by all registered dealers.

If the assessing authority is satisfied that the return is correct and complete in all respects, he may assess the tax payable on the basis of such return. In other cases, the assessing authority is empowered to call for books of account and other evidence. If a dealer fails to file a return or produce books of account, etc., in response to a notice issued in this regard, the assessing authority may complete the assessment on the basis of best judgement. Where it is found that any turnover has escaped assessment, the assessing authority may take up the assessment/reassessment at any time within five years from the expiry of the year to which the tax relates.

4. Penalty and Prosecution

Any dealer who contravenes provisions of the Act or rules is liable to penalty which may go up to Rs.2,000. In the event of continuing default, a penalty, not exceeding Rs.50 a day during the period of default, can also be imposed. The law requires that such penalties may be imposed after giving proper show-cause opportunity to the defaulter. Any person who is not authorised to collect tax or a registered dealer who collects tax which is more than the amount due, is also liable to

pay penalty upto Rs.5,000 or double the amount wrongly collected, whichever is greater. Failure to file return or to pay due tax is also punishable with penalty which may be equal to but does not exceed one-and-half times of the amount of tax assessed.

5. Administrative Organisation

The Department is headed by Excise and Taxation Commissioner who belongs to the IAS cadre. He is assisted at Headquarters by a Deputy Excise and Taxation Commissioner (HQ), a Deputy Excise and Taxation Commissioner (Inspection), three Assistant Excise and Taxation Commissioners out of whom one is in charge of legal matters. The State's twelve districts have been demarcated into two zones for administrative convenience. Each zone is headed by a Joint Deputy Excise and Taxation Commissioner who is also the appellate authority under all the taxation enactments administered by the Department. In addition there is a flying squad in each zone functioning under a Deputy Excise and Taxation Commissioner.

An Excise and Taxation Officer is in charge at the district level, except in the case of Kinnanur District which is headed by Excise and Taxation Officer. In addition, a number of Excise and Taxation Officers are posted in the districts, according to the workload and pendency position of assessments in sales tax.

Each district is further divided into smaller circles, placed under Excise and Taxation Inspectors with clearly demarcated jurisdiction.

6. Appeals

Any dealer aggrieved by any notice issued or any order passed by the Assessing Authority may appeal to Appellate Authority within 60 days from the date of order.

7. Checkposts

The Department has set up checkposts/barriers at strategic points on various roads in the State to curb tax evasion. Important checkposts/barriers are manned by ETOs while others are placed under the charge of Excise and Taxation Inspectors. The person in charge of a transport vehicle is under a statutory obligation to make a declaration in the prescribed form regarding the goods being transported through the checkpost.

Note: The Government of Himachal Pradesh has proposed major changes in the existing Sales Tax Act during January 1991 according to which the entire Sales Tax Act would be recast. The bill is yet to be given assent.

JAMMU & KASHMIR

The levy of sales tax in the State of Jammu & Kashmir is governed by the provisions of the Central Sales Tax Act, 1956, and the Jammu & Kashmir General Sales Tax Act, 1962. Motor spirits are, however, taxed under a separate enactment called Jammu & Kashmir Motor Spirits (Taxation of Sale) Act, 2005 SVT.

1. Structure

All dealers except those dealing exclusively in tax-free goods are liable to pay tax without any limit of turnover. A turnover exemption ceiling of Rs.1 lakh is specified for all dealers other than those who import goods for sale in the State. The definition of 'sale' includes works contracts and transfer of goods under hire-purchase system as well as sale of services and amenities in hotels and restaurants. Purchase tax is also leviable in respect of purchase of taxable goods if no tax is payable under any other provision of the Act.

Point of Levy: The State has adopted the system of single-point taxation, the tax being levied on the first point of sale in most cases. However, in the case of liquor, tax is levied at the stage of last sale in the State.

Rate Structure: The tax rates are specified in the various schedules annexed to the notifications issued under Section 4 of the JKGST Act. The minimum rate of tax of 4 per cent is applicable to items included in Schedule D of notification SRO 135 dated 29.3.1989. Staple fibre, edible oils, all types of yarn, etc. are taxed at 4 per cent. The maximum rate of 30 per cent is levied on Indian made foreign liquor, arms, resins etc.

Surcharge: There is no provision for the levy of additional tax. However, surcharge at 5 per cent of the amount of tax payable is levied irrespective of the quantum of turnover.

Works Contract: Works contract were brought under the purview of Sales Tax in the State by the promulgation of Ordinance No.II of 1970 dated 22.6.1970. Subsequently, this was incorporated in the Act by Act XII of 1970 dated 24.10.1970. Government departments, local authorities and corporations are required to deduct tax at source from the payments made to a contractor and to deposit the same in the Government treasury.

Exemptions: Section 5 of the J&K GST Act empowers the Government to exempt from tax any goods or class of goods. Schedule E of the notification issued under this section is the list of exempted goods which include cereals, common salt and several other items of mass consumption, and also agricultural implements. Certain exemptions have been provided with a view to encouraging local cottage and small-scale industries. The schedule also provides for conditional exemptions. Raw material sold to large and medium-scale industrial units as well as raw material sold to small-scale industrial units registered under the Act have been exempted subject to a declaration in the prescribed form.

Incentives to Industries: To promote growth of industries in the State, certain concessions and incentives are provided. Under this scheme, before 1984, all the SSI units were fully exempt from the tax for the first ten years of starting of production. From 1984 in the modified scheme full exemption was available for the first 3 years. Thereafter 75 per cent for 3 years 50 per cent and 25 per cent exemption was allowed for the next two blocks of 4 years and 2 years respectively. The Government however, introduced a new scheme from 1.4.1990 granting 100 per cent exemption to SSI units upto 31.5.1995 and 50 per cent and 25 per cent exemption for a period of 3 and 2 years respectively. Thereafter, in the case of large and medium scale industrial units recovery of tax on the inter-State, intra-State sales of goods manufactured by such units upto a turnover of Rs.5 crore has been deferred for a period of 5 years from the date, the unit goes into production.

2. Registration

Every dealer liable to pay tax is statutorily required to get himself registered under the J&K GST Act. Besides, dealers registered under the CST Act, 1956, are also obliged to get themselves registered under the GST Act where the import of taxable goods is involved. Provisional registration can also be obtained by a person who intends to establish a manufacturing business in the State. Registration once granted will remain in force unless it is cancelled. Accordingly, renewal of registration is not to be sought every year.

3. Assessment

Returns: Every dealer liable to pay tax is required to furnish a return of his turnover for the year within 120 days from the expiry of the year. Besides, a quarterly return too is called for within 30 days from the expiry of the quarter.

Mode of Assessment: If the assessing authority is satisfied about the correctness and completeness of the annual return, he may complete the assessment on the basis of the return. In other cases, assessment can be made after scrutiny of evidences and books of account. No order of assessment can be passed after the expiry of four years from the end of the relevant year or after the expiry of one year from the end of the year in which the return/revised return is filed, whichever is later. But the limitation period for re-opening an assessment is 8 years from the end of the relevant accounting period.

A scheme has been introduced under which returns showing sales upto Rs.50,000 are to be accepted without calling the dealer for production of books of account, etc.

Refund: The Act provides for the payment of interest to the dealer if refund arising from appellate or revisionary order is delayed beyond 3 months.

4. Penalty and Prosecution

Offences

Punishment

- | | |
|--|--|
| a. Carrying on business in contravention of the provisions of the Act. | Penalty upto Rs.500. |
| b. Failure to furnish return within the time allowed. | Penalty at the rate of 2 per cent per month of the tax payable as reduced by the amount of tax paid. |
| c. Failure to comply with the terms of any notice issued under Section 7 of the Act, without reasonable cause. | A sum of 20 per cent of the tax assessed reduced by the tax paid on the basis of quarterly return. |
| d. Failure to produce accounts, etc., without reasonable cause. | A sum of Rs.50 for each day of default subject to a maximum of Rs.1,000. |
| e. Concealing turnover or furnishing inaccurate particulars thereof. | A sum not less than the tax sought to be evaded but not exceeding twice the amount of such tax. |

5. Administrative Organisation

The Commissioner of Sales Tax is the head of the Sales Tax Department. The State has been divided into two divisions, Jammu and Kashmir, each headed by a Deputy Commissioner of Sales Tax. In addition there are Deputy Commissioners (Tax Planning), (Judicial) and (Headquarters) in the Commissioner's office. There is also a Deputy Commissioner posted at the principal checkpost at Lakhapur, who is also in charge of the neighbouring small checkposts.

Jammu division has 14 assessing authorities while Kashmir division has 15. The assessing authorities function directly under the Deputy Commissioner of Sales Tax of the respective divisions. Each division has one appellate authority known as Deputy Sales Tax Commissioner (Appeals), and also a Deputy Commissioner (Recovery), a Deputy Commissioner (Vigilance) and a Deputy Commissioner (Audit).

6. Appeals

The appeal against any order passed by the assessing authority lies to the Deputy Commissioner.

Revision: The Commissioner can suo moto call for any proceedings which are pending before or have been disposed off for the purpose of satisfying himself as to the correctness, legality or propriety of such proceedings or orders, and may pass such orders in relation there to as he may think fit.

7. Checkposts

There are three major checkposts in the State, besides minor checkposts at small railway stations. Transportation of goods across or beyond the notified areas is permitted only on either a bill of sale or delivery note or certificate of ownership. A waybill has to be furnished at the checkposts which, then, record the particulars therein and forward these to the concerned assessing authorities. Goods are subject to physical verification on sample basis against declaration forms and are liable to be seized in case of discrepancy. Penal action is taken against defaulters.

KERALA

The State of Kerala was formed on reorganisation of States in 1956. In the Malabar Region, which was previously a part of the erstwhile Madras State, sales tax was being administered since 1939. In the remaining part, viz., Travancore-Cochin, sales tax had been in existence since 1949. After the formation of the new State of Kerala, a new legislation, namely, Kerala General Sales Tax Act, 1963, was enacted, in which a number of commodities were brought under single-point taxation and other items were subjected to multi-point tax.

The following enactments are in force in the State for the levy of sales tax:

- A. Kerala General Sales Tax Act, 1963,
- B. Kerala Surcharge on Taxes Act, 1957,
- C. Kerala Additional Sales Tax Act, 1978,
- D. Central Sales Tax Act, 1956.

In addition to the above, the Department administers (a) the Kerala Agricultural Income Tax Act 1950 (b) Luxury Tax Act and (c) Kerala Money Lending Act 1988.

A. KERALA GENERAL SALES TAX ACT, 1963

1. Structure

Every dealer whose turnover is Rs 1 lakh or more becomes liable to pay tax. In respect of goods coming under the Schedules I, II, IV and V, this limit is Rs.50,000. Casual traders and dealers who are agents of non-residents become liable to pay tax, irrespective of the turnover limit.

Point of Levy: Kerala is predominantly an agricultural State producing mainly commercial crops - rubber, spices, cashewnuts, etc. which are exported out of the State. For its own needs, Kerala imports goods from other States. Such imported goods attract single-point tax on first sale within the State, while indigenous goods are taxed at the point of last purchase in the State. Non-specified goods not mentioned in any of the schedules are subjected to multi-point taxation at the general rate.

Rate Structure: The Kerala General Sales Tax Act has five schedules which specify commodities and tax rates. The first schedule lists goods under single-point taxation and prescribes the minimum rate of 2 per cent for bullion and specie and fertilisers, the maximum rate of 75 per cent for foreign liquor, and other intermediate rates of 4, 5, 6, 8, 10, 12, 15, 20, 45, and 55 per cent. Schedule II deals with declared goods in respect of which a single-point tax, not exceeding the rate of 4 per cent is leviable. Schedule III lists tax-exempted goods. Schedule IV deals with transfer of goods involved in the execution of works contract and Schedule V deals with goods subject to dual-point tax.

Goods which are not covered by any of the above schedules are taxable at multi-point at the rate of 5 per cent.

Turnover Tax: Turnover tax is levied on turnover other than the turnover involved in inter-State sale, export outside India and turnover of exempted goods. The rate of tax is 0.5 per cent. But turnover tax on tea, pepper, ginger, rubber and arecanut is limited to only one point. Turnover tax is levied on the turnover of oil companies at 3 per cent. Petrol, diesel, kerosene sold by dealers other than oil companies, fertiliser, chillies, coriander seed and peas dhal are exempt.

Every dealer other than an oil company, whose total turnover in a year exceeds Rs.50 lakh has to pay turnover tax at the rate of 0.5 per cent and the oil companies whose turnover in a year is Rs.50 lakh and above are required to pay turnover tax at the rate of 3 per cent.

Turnover tax on the turnover on which tax is leviable under Section 5A of the Act is exempted. (Section 5A of the Kerala GST Act - in the circumstances of sale or purchase of goods on which no tax is payable, under Section 5, sales tax is to be paid on the taxable turnover relating to purchase of such goods if the same are consumed in the manufacture of other goods for sale or otherwise disposed of or used in any manner other than by way of sale or despatched outside the State except as a result of sale).

Purchase Tax: Goods like rubber and other cash crops produced within the State are taxed at the point of last purchase in the State. Besides this purchase tax under section 5A is payable by every dealer who purchases from a registered dealer or from any other person any taxable goods for which no tax is payable and either consumes such goods in the manufacture of other goods for sale or disposes of them in any manner other than by way of sale in the State or despatches them to any place outside the State (except in the course of inter-State trade or commerce) is liable to pay purchase tax.

Works Contract: Works contract has been defined to mean - transfer or any agreement for carrying out for cash or for deferred payment or for other valuable consideration, the construction, fitting out, improvement or repair of any building, road, bridge or other immovable property or the fitting out improvement or repair of any moveable property.

The threshold of turnover is fixed at Rs.75,000 and the labour charges are deductible from the total turnover of the works contract subject to tax. There are 20 types works contract liable to tax and the rate of tax applicable is 5 per cent. Recently compounding system of payment of taxes for works contract relating to construction of buildings, bridges, roads and dams is introduced.

Exemptions: As already stated, Schedule III of the KGST Act enumerates commodities which are exempted from tax. These include salt, vegetables, fresh fruits, eggs and a few other items of mass consumption. The sale or purchase of goods by certain institutions or dealers has been exempted by issue of special notifications, subject to

the fulfilment of certain conditions. Sale of readymade khadi garments by dealers who exclusively deal in khadi comes under this category. Sale by cooperative societies and institutions recognised by Khadi and Village Industries Commission is also exempted from tax. Sale of foodgrains by the Food Corporation of India to the Government of India under the Food for Work Programme is also exempted from tax.

Taxation of Inputs: Under the KGST Act, tax is levied at 4 per cent on the sale of industrial raw material, component parts, containers or packing material to be used for the manufacture of other goods which are sold within the state or sold during the course of inter state trade or commerce. Concessional rate of 4 per cent sales tax on goods purchased for use in the manufacture of goods is made available to all the goods manufactured even if the goods manufactured are consigned and despatched to branches outside the state.

Incentive to Industries: The rate of sales tax on goods produced by large and medium scale industries in 'no industry' districts of Waynad and Idukki is reduced to 2 per cent.

2. Registration

Every dealer whose total turnover in any year is not less than Rs.1 lakh is under statutory obligation to get himself registered. Besides, every dealer carrying on business in all or any of the goods mentioned in the first, second, fourth and fifth schedules with the total turnover in respect of those goods not less than Rs.50,000 is also under legal obligation to register.

Other dealers may obtain voluntary registration even if their turnover is less than the statutory limit.

3. Assessment

Returns: Dealers who are liable to pay tax under the Act and any other dealer registered under this Act are bound to file returns relating to their turnover. The returns may be filed on monthly or quarterly basis. The last date for filing the return is 15th of the month following. Dealers liable to pay tax and having taxable turnover of less than Rs.10,000 have to file quarterly returns. Other dealers have to file monthly returns. The return has to be accompanied by proof of payment of tax. Besides, every dealer liable to pay tax under the Act, irrespective of the quantum of the total turnover, and other dealers whose total turnover for the year is not less than the minimum specified, have to file annual return before 1st May each year.

Mode of Assessment: If the assessing authority is satisfied that the return filed is complete and correct, he may complete the assessment on the basis of such return. Otherwise, he may direct the dealer to produce accounts and other evidences and if necessary, make assessment on the basis of best judgement. If it is found that the turnover has escaped assessment for any year, the assessing authority may complete the assessment/re-assessment within four years from the end of the relevant year on the basis of best judgement.

Returns of the dealers with the total turnover of Rs.5 lakh for the year are assessed on the basis of return by accepting the same for any two years out of three consecutive years, if such a dealers total turnover as assessed under the KGST Act according to the latest completed assessment is Rs.5 lakh.

There is a provision for protective assessment under the KGST Act. when the assessing authority has reason to believe that any person is or was carrying on business in the name of or in association with any other person, both would be jointly and severally responsible for payment of taxes, penalty or other amount due as if they are dealers, after hearing them.

4. Penalty and Prosecution

Penalty: Defaults under the Act attract penalty and fines are imposed if the dealer is convicted. The various defaults and the penalties leviable are as follows:

	<i>Default</i>	<i>Penalty</i>
i.	Failure of a dealer to get himself registered.	An amount not exceeding twice the amount of sales tax evaded or sought to be evaded; where it is not practicable to quantify the fine, an amount not exceeding Rs.5,000.
ii.	Failure to keep true and complete accounts.	
iii.	Failure to submit any return in accordance with rules.	
iv.	Submitting untrue or incorrect returns.	
v.	Failure to comply with any or all terms of any statutory notice, etc.	

Prosecution: The various offences under the Act and the amount of fine that can be imposed are given below:

i.	Knowingly submitting an untrue return or failure to submit a return as per law.	
ii.	Failure to keep true and complete accounts.	Fine upto Rs.1,000.
iii.	Dishonestly objecting to or failure to comply with the terms of notice.	
iv.	Failure of dealer to get himself registered.	

For offences such as obstruction to search or inspection by the sales tax authorities and a few others, simple imprisonment upto six months has been prescribed under the Act.

B. KERALA SURCHARGE ON TAXES ACT, 1957

The levy of surcharge is governed by the Kerala Surcharge on Taxes Act, 1957. No surcharge is leviable if the turnover is upto Rs.1 lakh only. A total turnover range of Rs.1 lakh to Rs.10 lakh attracts surcharge at the rate of 5 per cent of sales tax, while a total turnover above Rs.10 lakh is subject to surcharge of 8 per cent.

C. KERALA ADDITIONAL SALES TAX ACT, 1978

Kerala Additional Sales Tax Act, 1978 was introduced with effect from 1.4.1978. Initially the rate was 10 per cent on the tax due. At present, additional sales tax is levied at the rate of 25 per cent on the tax due.

5. Administrative Organisation

The administration of the Sales Tax Department is vested with the Board of Revenue (Taxes). The Member, Board of Revenue is in charge of the agricultural income tax and sales tax departments and thus functions as the Commissioner of Sales Tax as well as Agricultural Income Tax. He is assisted in day-to-day administration by two Secretaries, one IAS Officer and another senior Deputy Commissioner and other supporting staff, three Assistant Secretaries and one Inspecting Assistant Commissioner (Audit).

To supervise the work of the field staff, there are 10 District Deputy Commissioners. Besides, there is a Deputy Commissioner (Intelligence) attached to the Board of Revenue (Taxes) with headquarters at Trivandrum controlling the Intelligence Wing. There are nine Inspecting Assistant Commissioners (Intelligence) to assist the

Deputy Commissioner (Intelligence). A Deputy Commissioner (Law) provides legal advice to the Department and liaisons with the Advocate General in the matters before the High Court. A Deputy Commissioner (Training) is in charge of the training institute. Law Officers, in the cadre of ACs are State representatives in the Tribunal.

There are 24 Inspecting Assistant Commissioners to supervise the work of the Sales Tax Officers. In the assessment wing, there are two categories of assessing officers dealing with assessment work - (i) Assistant Commissioners (Assessment) and (ii) Sales Tax Officers. Their work relates to administration of the Central Sales Tax Act and the Kerala General Sales Tax Act, and includes functions under the Additional Sales Tax Act and surcharge on Taxes Act.

Assessment work of the Special Circle of the Sales Tax Office is looked after by 26 Assistant Commissioners (Assessment). They deal with the cases in which annual taxable turnover involved exceeds Rs.15 lakh.

6. Appeals and Revisions

The first appeal lies to Appellate Assistant Commissioner and Deputy Commissioner (Appeals). The Deputy Commissioner of the district may suo moto or on application call for and examine any order passed by the officers other than the Appellate Assistant Commissioner.

Appeals to Tribunal lie against the orders of Appellate Assistant Commissioners and Deputy Commissioner (Appeals) suo moto revision orders of the Deputy Commissioners.

The Board of Revenue may either suo moto or on application call for and examine any order passed or proceeding recorded under the Act and revise any such order within four years from the date of such order. The Board of Revenue also entertains the applications against the revision orders passed by the Deputy Commissioner.

Any person aggrieved by the suo moto revision orders passed by the Board of Revenue may appeal to the High Court. The High Court may revise orders passed by Appellate Tribunal in Tax revision cases.

Rectification of Mistakes: An assessing authority, appellate or revising authority (including the Appellate Tribunal) on application or otherwise at any time within three years from the date of any order passed by it, rectify any error apparent from the records.

7. Checkposts

There are 50 sales tax checkposts functioning in the State for checking illicit transport of goods and to prevent evasion of tax. 41 checkposts are located on the borders of the State while the remaining 9 are internal. Every person who transports goods has to file a declaration at the checkpost in the prescribed form. The authorities at the checkposts are empowered to inspect the goods to verify whether the declaration is in order. The authorities have also the power to take necessary penal action if a false declaration, etc., is detected.

Where the person-in-charge of the vehicle carrying goods is found to be in collusion for carrying of such goods, the vehicle also would be detained unless the security as provided under Section 29A(2) is furnished and if the same has committed offence. Subsequently, the vehicle could be detained for a period not exceeding 30 days from the date of furnishing the security. Further where the goods transported are found

to have not suffered taxes on the dealer, or has at any time defaulted payment of any tax for any period, the transport of goods is allowed only after realising the tax and if the said tax is not paid, goods are detained and dealt with as provided under the Act.

When vehicles carrying goods from any place outside the State and bound for any place outside the State pass through the State, the person in-charge of the vehicle has to obtain transit pass for such goods from the checkpost officer of the first checkpost after his entry into the State and deliver it to the officer in-charge of the last checkpost before his exit from the State, as per Section 30B of the Kerala General Sales Tax Act.

KARNATAKA

Sales tax was introduced in Karnataka in 1948. As a result of reorganisation of States in 1956, the new State of Karnataka was formed by merging the old Mysore State, parts of the erstwhile States of Bombay, Madras, Hyderabad and Coorg.

The Karnataka Sales Tax Act, 1957 was to apply to the entire State. The different sales tax laws administered in the integrated areas were all consolidated into one Act effective from 1.10.1957.

Some major changes were brought about in the scheme of the Act on the recommendations of Shri Boothalingam and Prof. I.S. Gulati. Sales Taxation in Karnataka is enforced by the Central Sales Tax Act, 1956 and the Karnataka Sales Tax Act, 1957.

1. Structure

Every dealer whose total turnover in any year is Rs.2 lakh or more is liable to pay tax on his taxable turnover (Section 5(a)). Dealers registered under the Central Sales Tax Act, 1956 purchasing any goods in the course of inter-State trade or commerce in respect of which tax at concessional rate under Section 8(1)(b) has been levied (Section 5(2)), every casual trader and the non-resident dealers and their agents dealing in non-exempted goods are liable to pay tax on their taxable turnover (Section 5(b)) irrespective of the quantum of turnover.

Point of Levy: In the State of Karnataka, there is a composite system of (a) single point levy (i) either at the point of first sale or last sale (Schedule II under Section 5(3)(a) or (ii) at the point of first purchase or last purchase (Schedule III under Section 5(3)(b));

Schedule IV under Section 5(4) (b) dual-point levy (both at the point of first sale and last sale) Schedule VIII under Section 5(3c) and (c) multi-point levy in its sales tax administration.

Rate Structure: Schedule II, in accordance with Section 5(3)(a) enumerates, alphabetically, in 23 groups, the 190 goods which are subject to single-point levy at the point of first sale. The tax ranges from 1 per cent to 200 per cent.

As per Schedule IV, in accordance with Section 5(4) of the Act, the declared goods are taxable at the rate of 4 per cent mostly at the first point of sale. Sesamum/til/gingili seeds etc., cotton seed, other oil seeds etc. barley, however, are taxable at the rate of 4 per cent (the latter three at first point of sale). Cotton yarn, rice paddy and wheat, pulses, etc. are taxable at the rate of 2 per cent. Groundnut, copra are taxable at the rate of 4 per cent. Goods which are not exempt and yet not mentioned in any schedules, i.e. non-specified goods, are taxable at the rate of 7 per cent (a multi-point levy).

Schedule VIII, under Section 5(3-C), lists 16 goods subject to double point levy. The tax rates are 2,3,4,5 per cent. Some examples: Alcoholic liquor (including toddy, beer etc.) is taxable at the rate of 5 per cent.

In accordance with Section 5-B, Schedule VI lists 29 types of works contracts the tax rates being 5,6,7,8,10,12 and 15 per cent.

Schedule VII, under Section 5-C, lists 13 types of transfer of right to use goods, including horses, the tax rate being 5 per cent.

Turnover Tax: Turnover tax, which is a multi-point levy, came into force in 1981 and was leviable on the turnover of those dealers whose annual turnover exceeded Rs.1 lakh. The tax rate was 0.50 per cent.

With effect from 1.4.1990, however, the minimum turnover limit was raised to Rs.10 lakh. The rates at different slabs are as under (Section 6-B).

	<u>Rate of Tax</u> <u>(per cent)</u>
i. Where the total turnover of a dealer in a year does not exceed Rs.10 lakh.	Nil
ii. Where the total turnover in a year exceed Rs.10 lakh but is less than Rs.200 lakh.	1.25
iii. Where the total turnover in a year is not less than Rs.200 lakh but less than Rs.500 lakh.	2.05

There are certain statutory deductions on account of declared goods, tax-free goods, inter-State export sales etc.

This multi-point tax is not recoverable from buyers. There are penal provisions for violation.

Purchase Tax: As already pointed out, there are a number of goods which are subject to a single point purchase tax either at the first or at the last point of purchase. In accordance with Section 5(3)(b), Schedule III enumerates these goods. The tax rates are 3,4,5 and 13 per cent.

In addition, under Section 6, purchase tax is leviable under certain circumstances. When a dealer purchases any taxable goods in the circumstances in which no tax is leviable on the sale price of such goods and he either consumes such goods in the manufacture of other goods for sale or otherwise or despatches these goods

out of the State except as a direct result of sale or purchase in the course of inter-state trade or commerce, he is liable to pay tax on the purchase price of such goods at the same rate at which it would have been leviable on the sale price of such goods.

As per the provisions of Section 25-B of the Act, with effect from 1.4.1990, purchase tax, ad-valorem, on sugarcane at the last purchase point is leviable.

Works Contract, Hire Purchase, Leasing: For covering works contract under the net of sales tax, the definition of the terms 'dealer' (Section 2(k), (viii)), 'goods' (Section 2(m)), 'sale' (Section 2(t)(ii)), 'turnover' (Section 2(v)) have been enlarged.

Schedule VI, lists 29 types of works contract which are taxable at rates ranging from 5 per cent to 15 per cent. Fabrication and erection of structural works etc., installation of doors etc., ship and boat building etc. are subject to tax at the rate of 5 per cent. Programming and providing of computer software, processing and supplying and installation of electronic photographs etc., fire fighting equipment and devices are taxable at the rate of 6 per cent.

Deduction at Source: Central Government, or any State government, or an industrial, commercial or trading undertaking of the Central government or of any State government or a local authority or a statutory body are empowered to deduct taxes out of the amounts payable by them to the dealers executing works contracts specified in Schedule VI of the Karnataka Sales Tax Act 1957 at the rate of 2 per cent in respect of civil works executed and at the rate of 4 per cent in respect of other works contracts enumerated therein and remit to the government treasury.

Leasing: 'Leasing' has also been brought under the net of taxation. For, this, definition of the term, 'dealer' (Section 2(k)(x)) 'sale' (Section (t)(iv)); 'turnover' (Section 1)(v)) have been enlarged.

Section 5-C provides for the levy of tax on the annual taxable turnover in respect of the transfer of the right to use any goods for any purpose, whether or not for a specific period. Leasing machinery, cars, videos etc. enumerated in Schedule VII are taxable under this.

Exemptions: In accordance with Section 8, Schedule V enumerates 62 goods which are exempt from tax without or with conditions; goods of mass consumption like, fresh fruits, eggs and meat, fish, fresh milk, etc., kumkum, glass and plastic bangles, etc. are exempted and some of the conditional exemptions are canteen stores sold to Canteen stores department of Government of India, goods sold to the Indian Aid mission, Nepal, children's toys costing upto Rs.20, wheel chairs, crutches used by the handicapped/sick.

Taxation of Inputs: As per Section 5-A, sale of any industrial input (component part, raw material, packing material) to registered dealers intending to manufacture goods out of the same within the State for sale would be subject to a concessional rate of tax of 4 per cent or the rate specified in Section 5, whichever is lower, subject to the proviso that the selling dealer shall furnish the declaration to the appropriate assessing authority from the purchasing dealer, the requisite declaration having been obtained from the prescribed authority.

Incentives to Industries: Under the new scheme of incentives to industries, tiny industrial units and SSI units (new or expanding) are exempt from payment of taxes for a period of 7 years and 5 years respectively from the date of commercial production or from the notification whichever is later.

The tax payable by large/medium industries in Zone II and III are deferred for a period of 7 years and 5 years respectively subject to certain ceilings and limited to 50 per cent of the value of the fixed assets prescribed separately for large/medium industries and tax deferred is treated as interest free loan.

Another new incentive scheme has been introduced during October 1990 where the new industries get concessions. The 1990 package offers further concessions to units falling under the thrust sectors, 100 per cent export oriented units specified in zones, units which are agro-based in nature, units in telecommunications and electronics sectors etc. The latest package offers a tax holiday rather than a deferment of reduction in rate, in order to afford price competitiveness and to avoid possible administrative bottlenecks.

Composition Benefit: Dealers are also granted an option to avail of the benefit of composition under which dealers other than those dealing in goods taxable at first sale point, casual dealer, dealer registered under the CST Act, non-resident dealers, commission agents, may opt to pay in lieu of the amount of tax payable by them during any year by way of composition, a lumpsum amount as specified in the Act, based on the turnover slabs for the dealers and hoteliers (whose turnover does not exceed Rs.5 lakh and Rs.15 lakh respectively) and to the contractors executing works contracts (on their total turnover).

2. Registration

Every dealer whose total turnover in any year is not less than Rs.2 lakh and the casual dealers, dealers registered under the CST Act, 1956, managers, agents of non-resident dealers, millers irrespective of their turnover are statutorily required to get themselves registered. There is a provision for voluntary registration also.

3. Assessment

Returns and Payment of Tax: All categories of dealers liable to registration are required to file statement of turnover on monthly basis in Form 3 along with the proof of payment of full amount of tax before the 20th of the subsequent month.

An annual return in Form 4 is required to be filed within 60 days of the close of the year concerned by every registered dealer. Small scale industrial undertakings and small dealers could pay tax within 20 days after the close of the quarter concerned.

Mode of Assessment: Ordinarily assessments are completed on an annual basis.

If the assessing authority is satisfied that any return submitted is correct and complete, he can assess the dealer on that basis. A Provision for summary assessment on the basis of return/returns, alongwith the requisite forms, declarations, etc., under certain conditions laid down also exist. In cases where the return is not filed or appears to be incorrect or incomplete (when filed), the assessing authority can complete assessment to the best of his judgement after having given the dealer, a reasonable opportunity of being heard.

In cases where the turnover (for any period) of a dealer has been proved to have escaped assessment or has been under - assessed or has been assessed at a lower rate than the appropriate rate or any deductions or exemptions have been wrongly allowed, the assessing authority may at any time within a period of eight years from the expiry of the year concerned, complete assessment/reassessment (Section 12-A). The period of limitation for assessments is three years from the date on which the return is submitted by a dealer.

4. Penalty and Prosecution

Penalties: In cases where the best judgement assessment under Section 12(3) is resorted to, in addition to the tax assessed, penalty upto one and a half times the tax due or tax assessed (in a case of non-filing of return), as the case may be, can be imposed.

In case of best judgement assessment of escaped turnover, under Section 12-A, in addition to the tax assessed, a penalty not exceeding one and a half times the tax assessed is imposed. In respect of default of short payment of Advance Tax (if it is short by more than 15 per cent of the due tax) penalty upto 1.5 times of the deficit amount in addition to the tax due is imposed.

If any person who is not a registered dealer collects tax or a registered dealer collects tax at a rate exceeding the rate specified in the Act, or any person collects tax on tax-free goods or any dealer violates conditions of compounding of tax or of exemption under recognition or recovers turnover tax, penalty not exceeding one and a half times the amount realised, can be imposed.

Prosecution: Some offences, as noted in Section 29 are punishable, on conviction, with the following:

<i>Categories / Offence</i>	<i>Punishment</i>
i. Failure to submit return in accordance with provisions and rules (Section 12 and relevant rules).	Fine between Rs.250 to Rs.500.
ii. Dishonest objections to or failure to comply with, the recovery notice (Section 14(1)).	
iii. Failure to pay tax, penalty in time.	
iv. Failure to keep true, complete accounts (Section 26).	
v. A dealer (or a miller) failing to comply with the order of production of Accounts/documents (Section 28).	

- vi. Failure to submit monthly statement.

Category II Offences

Punishment

- i. Deliberate submission of an untrue return or non-submission of a return (in the case of a liable but not assessed earlier).
 - ii. Non-furnishing of security in the matter of registration, in the matter of taxation of industrial inputs (on the strength of declaration) (Section 5-A), in the matter of transportation of goods etc. (Section 28-A(2)).
 - iii. Willful submission of untrue statement in connection with payment of tax in advance (Section 12-B).
 - iv. A liable dealer's failure to get registered.
 - v. Prevention of, or obstruction to, inspection, entry, search, seizure. (Section 28) by competent officers.
 - vi. Prevention of, or obstruction to inspection of vehicle/boat/ seizure of goods by check-post barrier incharge (Section 28-A).
 - vii. Tampering of seal put by inspecting authorities (Section 2 clause (iii) and Section 2(2A)).
 - viii. Fraudulent evasion of payment of tax/dues (Section 13).
 - ix. Unregistered dealer collecting tax/registered dealer collecting tax at rate/rates higher than
- In addition to the recovery of tax/dues punishable with simple imprisonment upto 12 months or with a fine ranging between Rs.1,000 and Rs.5,000 or with both. In case the offence is a continuing one, a daily fine upto Rs.100 during the period of continuance of offence.

that stipulated (Section 5) or for works contract (Section 5B) or for leasing (Section 5C) (Section 18(1), Section 18(2)).

- x. Collection of Turnover Tax by liable dealer (in violation of Section 18(3)).
- xi. Wilful violation of tax provisions and rules.

5. Administrative Organisation

The Commercial Taxes Department is headed by the Commissioner of Commercial Taxes who is an officer in the rank of super-time scale of I.A.S.

Apart from Sales Tax (the major tax) other taxes such as Entertainment Tax, Agricultural Income Tax, Entry Tax, Profession Tax, Luxury Tax and Betting Tax are also administered by the Department. The Commissioner is assisted at the State level by four Joint Commissioners (Vigilance, Legal, Headquarters and Additional Commissioner Intelligence cum Coordination) Deputy Commissioner (Legal), Assistant Commissioners and a number of other officers.

The Commissioner's office has a Legal Cell, Special Cell, Vigilance Cell and an In-house Computer Centre to assist the Commissioner in the respective fields for planning, controlling and co-ordinating the activities of the department.

The State is divided into 9 administrative divisions of the Commercial Taxes Department. Each Division is headed by a Deputy Commissioner of Commercial Taxes (Administration) and he is responsible for administration of various Acts of the department in the division under his jurisdiction with the assistance of Commercial Tax Officers and Assistant Commercial Tax Officers in his office.

Each Division has a number of Assistant Commissioners of Commercial Taxes (Assessment), Commercial Tax Officers and Assistant Commercial Tax Officers who carry out work of registration, assessments etc. An Assistant Commissioner of Commercial Taxes (Assessment) holds jurisdiction in respect of dealers whose annual tax liability is Rs.1.5 lakh in Bangalore and Rs.1 lakh in Mangalore cities and Rs.75,000 in other places. A Commercial Tax Officer assesses dealers with annual turnover of Rs.2.5 lakh and above but where the tax liability is less than that is required in the cases for Assistant Commissioners. The Assistant Commercial Tax Officers hold jurisdiction over dealers having a total turnover of less than Rs.2,50,000 in a year. These Commercial Tax Officers and Assistant Commercial Tax Officers are also entrusted with the work of administration of Entry Tax Act, Profession Tax Act, Luxury Tax and Entertainment Tax Act. There are Agricultural Income Tax Officers, Assistant Agricultural Income Tax Officers, Assistant Profession Tax Officers for administering the Agricultural Income Tax Act and Profession Tax Act (in respect of professions) and assist the Deputy Commissioner of Commercial Taxes (Administration) in the Division.

There are four Intelligence Wings, north zone with headquarters at Belgaum, south zone with headquarters at Bangalore, west-zone with headquarters at Mangalore and East Zone with headquarters at Bellary. These divisional zones are headed by the Deputy Commissioners of Commercial Taxes (Intelligence) both from the I.A.S. Cadre and from the Department.

At the Divisional level there are separate Deputy Commissioners of Commercial Taxes (Appeals) and Assistant Commissioner of Commercial Taxes (Appeals) to dispose of appeals against the assessment orders of assessing authorities.

There are four Sales Tax benches of the Karnataka Appellate Tribunal each of which has a Additional Commissioner of Commercial Taxes as a sitting member.

6. Appeal/Revision (Remedial Measures)

Section 20 of the Act provides for first appeals. The Assistant Commissioner of Commercial Taxes (Appeals) and the Deputy Commissioner of Commercial Taxes (Appeals) respectively are empowered to hear appeals against the orders of Assistant Commercial Tax Officers and the Commercial Tax Officers.

The Assistant Commissioners, Commercial Taxes (Appeals) and Deputy Commissioner Commercial Taxes (Administration) exercise first stage suo moto revisional powers.

The appellate Tribunal, Karnataka, is the second appellate authority to hear appeals against the orders (either appellate orders or revisional orders) passed by the A.C.C.T & C.C.T.

The Commissioner of Commercial Taxes and Joint Commissioner of Commercial Taxes have powers to revise suo moto orders of any of the subordinate officers prejudicial to the interests of revenue. Any revision against the orders of the Appellate Tribunal, only on questions of law, lie to the High Court.

Appeals against the suo moto revisional orders of the Commissioner of Commercial Taxes or the Joint Commissioner of Commercial Taxes also lie to the High Court.

Under Section 25-A, each assessing, appellate, revising authority has the power to rectify mistakes apparent from the record.

7. Checkposts

There are 40 stationary checkposts, two mobile checkposts at Bangalore, two control rooms - one at Bangalore and the other at Hubli. The checkposts and barriers have been set up according to the provisions of Section 28-A with a view to prevent or check evasion of tax under the Act. The owner or person in charge of a goods vehicle or boat has to carry with him a goods vehicle record, a trip sheet, or log book, as the case may be, and a bill of sale or delivery note obtained from the prescribed authority and other documents and declaration as prescribed for production before the Assistant Commercial Tax Officer incharge of checkpost/barrier and stop the vehicle to enable him to examine and inspect the contents in the vehicle and all relevant documents.

Violation will attract penalty upto double the amount of tax leviable; goods in lieu of penalty are taken into possession, which, if the penalty is not recovered could be auctioned to recover the same.

MADHYA PRADESH

Madhya Pradesh had initially limited sales taxation in 1939, when tax on retail sales of petrol and lubricants was imposed.

Prior to its reorganisation in 1956, the General Sales Tax (GST) was imposed under the Act of 1947 and it was a single point levy. This Act was replaced by the Madhya Pradesh General Sales Tax Act, 1958 (MPGST) which is in force with amendments up-to-date along with the Central Sales Tax Act, (amended upto date).

1. Structure

Turnover exemption limits for sales tax liability of different categories of dealers under the Act are as under:

- i. Rs.10,000 in the case of an importer, dealer who imports into the State, goods (other than lottery tickets) of the value not less than Rs.1,000 in a year.
- ii. Rs.20,000 in the case of a manufacturer who manufactures in a year non-notified goods of the value not less than Rs.3,000.
- iii. Rs.1 lakh in respect of co-operative societies dealing exclusively in the products of members not aided by hired labour.
- iv. Rs.50,000 in respect of dealers executing works contracts.
- v. Rs.1 lakh in respect of other dealers.

Point of Levy: Tax is mainly levied at the point of first sale by a registered dealer. The goods mentioned in parts II to VI of Schedule II are illustrative of such first point levy. Nevertheless, goods mentioned in part I of Schedule II such as paddy, unginned cotton are taxed at the last point of sale. Even cooked food, bones of animals including

powdered bones, horns and hoofs, chapri, lac, wax and honey mentioned in part I of Schedule II are such items. It is evident that almost all commodities are subject to first point levy at first sale.

Rate Structure: Schedule II of the Act categorises, in six parts, the rates of tax in respect of a large number of commodities. Part I, includes paddy, cooked food, unginned cotton, animal bones including powdered bones, horns and hoofs, wax and honey. The tax varies from 2.5 per cent to 6 per cent. In part II of the Schedule, 42 entries are listed. The tax rates generally vary from 14 per cent to 16 per cent. Cameras, ivory products (excluding ivory Banque) precious stones etc. and such other luxury items are taxed at 16 per cent. Aviation spirit, petroleum products etc. are taxed at 14 per cent. Timber, however, is taxed at 18 per cent. Lottery tickets are taxed at 25 per cent. Foreign and Indian made foreign liquor are taxed at 50 per cent upto 31.3.1991 w.e.f. 1.4.1991 no tax is levied on Indian made foreign liquor as it is merged with Excise.

Part III has 97 entries of which 88 are taxed at 12 per cent (Examples-purses, watch straps, toilet articles, musical instruments, etc). The rest of the items are taxed at 10 per cent (Examples - tyres, tubes, tea, coffee, bicycles etc.) or 6 per cent or 3 per cent. Parts IV and V consist of declared goods and certain essential commodities with a tax ranging from 2 per cent to 8 per cent.

The general rate of tax of 8 per cent is indicated in part VI of Schedule II which is applicable to all items which do not figure in any other part of the Schedule and are not exempt from tax under Schedule I.

Purchase Tax: There are two aspects of the levy of purchase tax. (1) Under sub-section (1) of Section 7, there is a provision for the levy of purchase tax when every dealer who in the course of his business, purchases any goods specified in Schedule II from a registered dealer or any other person under the circumstances in which no tax under Section 6, (levy of tax) is payable by the registered dealer and the

goods are not sold either within the State or in the course of inter-state trade or commerce but are sold or disposed of otherwise (2). Under sub-section (2) of Section 7 itself, purchase tax on goods, other than tendu leaves, opium, including raw opium and whole pulses, purchased by a registered dealer for consumption or use as raw material or incidental goods in the manufacture or processing of goods for sale or in the mining of goods or in the generation or distribution of electricity or any other form of power, shall be charged at the concessional rate of 4 per cent. If the tax payable under sub-section(1) on the purchase of such raw materials or incidental goods is at a lower rate than 4 per cent, the tax payable under sub-section (2) shall be calculated at such lower rate or such other lower rates as may be notified by the State government.

Works Contract: As a result of the 46th constitutional amendment, the Madhya Pradesh General Sales Tax (Amendment) Act No. 32 of 1984, works contract, as deemed sale, has been covered under sales taxation. The turnover limit of taxation is Rs.50,000. The taxable turnover is determined in accordance with the provisions of Section 2(r) of the Act and the tax is levied at the rates specified in Schedule II. The tax rate and the taxable event have not been specified.

Exemptions: The State government has the power to exempt by issue of a notification any class of dealers, any goods or class of goods from the payment of tax. Schedule I of the Act, lists 74 items exempt from tax. This includes agricultural implements, certain inferior variety of grain, eggs, meat, vegetables, fresh milk etc. Certain other items such as handlooms, kumkum and sindhur, braille education kits have also been exempted on social and humanitarian grounds. Exemption has also been provided to sales of products of khadi cottage industry, products of village industries such as bee-keeping, cottage match/pottery industry subject to production of certificate from the Khadi and Village Industries Commission/Madhya Pradesh Khadi and Gramodyog Board.

Taxation of Inputs: Under sub-section (2) of section 7 of the Act, purchase tax at concessional rate of 4 per cent is leviable on purchases for consumption or use as raw material or incidental goods (other than tendu leaves, opium including raw opium and

whole pulses) in the manufacture or processing of goods for sale or in the mining of goods or in the generation or distribution of electricity or any other form of power. This concession is, however, subject to the restrictions and conditions as may be prescribed by the State government. Apart from this, the finished goods have to be sold within the State or in the course of inter-state trade or commerce or in the course of export out of the territory of India.

Where the tax on the purchase of such raw material is less than 4 per cent, the tax payable shall be calculated at such lower rate or such other lower rate as may be notified.

Set off or refund of tax is allowed for tax-paid goods consumed or used as raw material or incidental goods in the manufacture or in the processing of any goods or in the mining of any goods specified in Schedule II as taxable. The set off is allowed at a rate equal to the difference between the full rate of tax and the concessional rate of tax.

Incentives to Industries: Industrial units established in the State after 1st April, 1981 were exempted from tax till 31st July 1986 both under the Madhya Pradesh General Sales Tax Act and Central Sales Tax Act in respect of sales of finished products within the State. The subsequent sales of the finished products of these industries were also exempt from tax. Exemption was also accorded to sale/purchase of raw materials to be used in the manufacture of finished products. But with effect from 1.8.1986 the exemption/deferment from payment of sales tax on finished goods was extended for a further period of two years. The exemption from payment of tax on purchase of raw materials or incidental goods has been withdrawn. But the option to the old units to avail of the double benefit has been given. New units too could avail of the same. The limit of exemption/deferment of tax to the extent of 90 per cent of capital investment in fixed assets upto Rs.10 lakh only has been waived in respect of High-tech and high value adding small scale industries. Electronics, telecomm-unications, food processing industries as 'thrust areas' are being given not only sales tax concessions hitherto available in category A backward districts but also in Indore, Bhopal,

Jabalpur, Durg and Gwalior (the advanced districts) apart from other facilities. Modernisation and diversification is also being helped. Even NRIs providing 40 per cent equity in industries (joint sector/private sector) requiring capital investment of Rs.1 crore in any backward district are being provided the sales tax exemption/deferment facility for five years.

2. Registration

Every liable dealer is to get himself registered compulsively.

However, voluntary registration in anticipation of their liability is also obtainable by dealers from the Commissioner. In addition, provisional registration to intending manufacturers is also granted. This facility is allowed with the purpose of entitling these dealers to have the same privileges which are granted to registered dealers.

3. Assessment

Returns: Every registered dealer is required to file quarterly returns within 30 days of the expiry of the quarter. Provision for filing consolidated return for multi-phased businesses within 60 days of the expiry of the quarter is also available. Registered dealers eligible for summary assessment under special circumstances are allowed to file quarterly or consolidated returns within 60 days or 90 days of the expiry of the quarter as the case may be.

Monthly returns are required to be filed in certain cases. The monthly return should be filed within a fortnight of the closure of the month concerned.

Payment of Tax: Every dealer shall ordinarily pay the tax due quarterly before furnishing the return for that quarter. A dealer who is liable to pay tax under the Act at the rate of rupees twelve thousand per quarter or rupees forty eight thousand per annum shall pay the quarterly tax month-wise before the 10th of the second and third month respectively of every quarter to the extent stipulated under relevant rule.

Mode of Assessment: Assessment of tax due from registered dealers will be made annually but where returns are not furnished by the prescribed date or are incomplete, incorrect, the assessment can be taken up and completed before this period.

There is also a provision for summary assessment applicable to registered importer or manufacturer whose annual gross turnover does not exceed Rs 1 lakh and other registered dealers whose annual gross turnover does not exceed Rs.5 lakh in which case the dealers concerned are not required to be present, nor their books of accounts are called for and their prima facie correct and complete returns are accepted.

In other cases, the normal process of hearing and assessment takes place. In cases where return is either not furnished or is incomplete or incorrect or compliance to certain requirements is lacking or books of accounts are not properly maintained, assessment can be completed to the best of judgement.

The best judgement assessment is also completed if a liable dealer fails to get himself registered.

Assessment in these cases are to be completed within the expiry of two calendar years from the end of the period of assessment or from the commencement of proceedings in respect of the liable, unregistered dealer as the case may be.

A reassessment has also been provided in case any turnover has been under assessed, escaped assessment or wrong deduction therefrom has been made. The initiation of action of such cases should be within five calendar years from the date of order of assessment and the proceedings should be completed within two calendar years from its commencement.

4. Penalty and Prosecution

If a registered dealer fails, without sufficient cause to pay the amount of tax or to furnish due return/revised return by the prescribed date and in the prescribed manner, or omits to furnish the proof of payment of tax, in addition to the amount of due tax, 1 per cent of the tax for every month for the first six months of default and 1.5 per cent for the next six months of default in the first year of default and thereafter 2 per cent of the tax for every month of default subject to a maximum of 25 per cent of assessed tax, where tax is payable, or a maximum of Rs.500, where no tax is payable, can be imposed as penalty.

In the case of a registered dealer failing to furnish return, a penalty ranging from 25 per cent to 40 per cent of the tax assessed can be imposed.

Under Section 46 of the Act there are two categories of offences and punishments prescribed as under:

- i. Collection of tax from agriculturists, horticulturists despite certain restrictions of Section 7A.
- ii. Failure to pay due tax within the time allowed without reasonable cause.
- iii. Non-issuance and non-preservation of bills, cash-memos.
- iv. Failure to keep accounts or records of sales, purchases.
- v. Transporters failure to furnish certain required particulars in connection with checkposts.

- vi. Failure of liable dealer/registered dealer to furnish information regarding changes of business.
- vii. Failure of dealers/persons/firms/banks/clearing and forwarding agents to produce accounts and documents, to help inspection, search etc., to give required information etc.
- viii. Collection of tax in contravention of the provisions of law.

The punishment prescribed is imprisonment which may extend to six months or a fine not exceeding Rs.1,000 or both and if the offence continues, rupees fifty for every day of continuance of the offence.

- i. Failure on the part of any dealer to get himself registered under the Act.
- ii. Failure without sufficient cause to submit any return or furnishing of false return/statement.
- iii. An unregistered purchasing dealer falsely representing as registered dealer.
- iv. Deliberate production of incorrect accounts, registers, documents and furnishing of incorrect information.
- v. Obstruction to inspection, search, seizure by sales tax authorities.
- vi. In relation to check-posts, failure to file declaration or filing of false, incorrect declaration, prevention of or obstruction to interception, search of any vehicle, inspection of goods/documents relating thereto.
- vii. Making of false statement in a verification/declaration.

The punishment prescribed for the above is imprisonment which may extend to three years and a fine not exceeding two thousand rupees and if the offence continues, rupees one hundred for every day of continuance of the offence.

There are provisions for compounding of offences. The Commissioner may either before or after the institution of the proceedings, permit any person charged with an offence under the Act to compound the offence on payment of a sum not exceeding Rs.1,000 as the Commissioner may determine.

5. Administrative Organisation

The head of the department of Sales Tax is Commissioner of Sales Tax of the I.A.S. cadre in the super-time scale. Another I.A.S. Officer and five departmental promoters work as Additional Commissioners. Thus, there are six Additional Commissioners. Of the six, four are posted in the office of the Commissioner at Indore. One Additional Commissioner is posted at Gwalior and looks after the works related with the Board of Revenue along with works of revision and another Additional Commissioner is posted at Jabalpur who looks after the cases referred to the High Court along with the work of revision.

The State has 11 divisions for purposes of sales tax administration. Each division is headed by a Divisional Deputy Commissioner who looks after the administrative work of the division besides exercising revisional powers. There are 79 circles in total in the state falling under the administrative jurisdiction of the Divisional Deputy Commissioner. Each circle is headed by an In-Charge Sales Tax Officer assisted by Additional Sales Tax Officers, Assistant Sales Tax Officers, Sales Tax Inspectors and clerical staff. There are three sub-circles also.

To check evasion and to co-ordinate investigations, there is a Central Flying Squad which functions at the head quarters at Indore under the supervision of an Additional Commissioner being assisted by one Assistant Commissioner. There are 21 flying squads in the divisions. There are 15 scrutiny cells, 7 internal audit cells. There are 16 checkposts also being manned by Sales Tax Officers and Sales Tax

Inspectors. At the divisional headquarters, there are Appellate Deputy Commissioners, who hear appeals against the assessment orders passed by Assistant Commissioners, Sales Tax Officers and Additional/Assistant Sales Tax Officers.

6. Appeal/Revision (Remedial Measures)

The first appeal against the orders of Assistant Commissioner, Sales Tax Officer, Additional/Assistant Sales Tax Officer lies before the Appellate Deputy Commissioner within 30 days from the date of communication of the order appealed against.

An appeal against the orders passed under sub-section (1) of Section 38 lies, within 60 days from the date of communication of the order in first appeal, to the Tribunal.

Thereafter, reference to the High Court lies within 60 days from the date of communication of the Tribunal's order.

The provision for revision has been made as an alternative to second appeal. Under this provision, the aggrieved dealer/person may make an application for revision to the Commissioner. The Additional Commissioner of Sales Tax has also these powers. Suo-moto revisional powers are also exercised by the Commissioner and Additional Commissioner.

There is also provision for rectification of mistakes apparent from the record.

7. Checkposts

There are 16 check-posts in the State. These have been erected to prevent or check evasion of tax. At each checkpost a Sales Tax Officer is posted. He is assisted by few Sales Tax Inspectors.

There are detailed provisions to be followed by transporters. Every transporter before crossing any checkpost or barrier shall deliver to the Officer in-charge of the checkpost a duly filled in declaration.

There are certain penal provisions in case of violation.

MAHARASHTRA

In Maharashtra, Sales Tax was first introduced in the erstwhile State of Bombay in 1946. It was then a single point levy at the rate of 6 paise per rupee payable at the last stage of sale. After the recommendations of Babubhai Patel Taxation Enquiry Committee, Bombay Sales Tax Act, 1959, was enacted which is in force presently and the tax system has undergone several major changes since then and has encompassed new areas of sales taxation.

Apart from the administration of the Central Sales Tax Act, 1956, the State administers the following enactments:

- A. The Bombay Sales Tax Act, 1959.
- B. The Bombay Sales of Motor Spirit Taxation Act, 1958.
- C. The Maharashtra Purchase Tax on Sugarcane Act, 1958.
- D. The Maharashtra Sales Tax on Transfer of property in goods involved in the execution of works contracts (re-enacted) Act, 1989.
- E. The Maharashtra Sales Tax on the Transfer of the Right to use any goods for any purpose Act, 1985.
- F. The Maharashtra Sales Tax on Professions, Trades Calling and Employment Act 1974.
- G. Maharashtra Tax on entry of Motor Vehicles into Local Area 1987
- H. Maharashtra Tax on Luxuries (in hotel, lodging house) Act 1987.
- I. The Maharashtra Chit Fund Act.

A. The Bombay Sales Tax Act, 1959

1. Structure

Every dealer whose turnover either of all sales or of all purchases exceeds the specified limit becomes liable to pay sales tax. The specified limits for different categories of dealers are as under:

- I.
 - i. Every importer with a turnover of Rs.50,000 is liable to pay tax provided the value of the taxable goods sold, or purchased and the value of any goods purchased or received by him into the State during the year is not less than Rs.5,000.
 - ii. Every manufacturer with a turnover of Rs.50,000 is liable to pay tax provided the value of taxable goods sold or purchased by him or the value of any goods manufactured by him during the year, is not less than Rs.5,000.
- II. Every dealer with a turnover of Rs.1,25,000 is liable to pay tax provided the value of taxable goods sold or purchased by the dealer during the year is not less than Rs.5,000.

A dealer holding registration certificate under the Central Sales Tax Act 1956 but not liable to pay tax under the local Act also liable to pay tax on the sales of goods purchased in accordance with Section 8(4) of the CST Act 1956 or also on the sales of the goods manufactured out of such purchases.

Point of Levy: On the recommendations of the Sales Tax enquiry Committee under the chairmanship of Shri M.R. Yardi in August, 1975, the Maharashtra State switched over to the single point first stage sales tax levy with effect from 1st July, 1981.

Rate Structure: Schedules A, B, C-I and C-II enumerate 8 broad categories of goods. Schedule A goods are free from taxes with general or conditional exemption. Schedule B details the declared goods, while Schedule C has a list of 36 commodities in two parts of non-declared goods subject to single point sales tax, the first part indicating mass consumption goods and inputs for industries ranging from bullion and specie, to

LPG and the rate of sales tax/purchase tax ranges from 1 per cent to 4 per cent. Part II of Schedule C enumerates final products and luxury goods and the tax ranges from six per cent to fifty per cent.

Additional Tax: A dealer with a turnover of all sales or of all purchases amounting Rs.10 lakh or above during a year is required to pay additional tax at the rate of 12% of the sales tax and purchase tax payable by him and this additional tax is not collectable. Fifty per cent of the revenue collected by way of additional tax is earmarked for implementing Employment Guarantee Scheme in the State.

Turnover Tax: Turnover Tax, was introduced with effect from 13.7.1986 and is levied on the turnover of sales of commodities falling under Schedule C and payable by the dealers whose turnover either of all sales or of all purchases exceeds Rs.12 lakh in any year at the rate of 1.25 per cent. Turnover tax is not collectable.

Purchase Tax:

- i. The State Government is empowered to levy purchase tax on purchases of any of the specified commodities as listed in Schedules B (declared goods) Schedule C (non-declared goods) by notification unless such purchases are resold by the liable dealer. (Section 13B)
- ii. Purchase Tax at the rate of 4 per cent is levied on purchases of goods in Schedule C Part II (non-declared goods) by a recognised dealer on the strength of the declaration prescribed certifying therein that the goods purchased will be used in the State in the manufacture of taxable goods for sale which will in fact be so used and sold by him or in the packing of goods so manufactured. Such levy will also be imposed on purchases on his behalf by the commission agent on the same conditions.
- iii. Under Section 13AA, purchase tax at the rate of 2 per cent is leviable on purchases of such non-declared goods, as are mentioned in Part I of Schedule C, as are purchased by a liable dealer or his commission agent from a registered/unregistered dealer when the taxable goods manufactured out of these goods are despatched outside the State. This is in addition to the sales tax/purchase tax paid or payable.

- iv. When goods are purchased by any dealer (or his commission agent) under certain certificate or declaration and the conditions, recitals and undertakings therein are not complied with, then purchase tax on the purchase value of the goods at the rate in Schedule B and Schedule C shall be levied.
- v. When business is transferred, discontinued or the dealer him self dies, then purchase tax at the relevant rate is levied on the purchase price of the stock of taxable goods purchased on the strength of certificates prescribed under section 11 or 12. (Section 15)

Works Contract: Levy of tax on works contract is governed by the Maharashtra sales tax on the transfer of property in goods involved in the execution of works contract (re-enacted) Act, 1989 - which was re-enacted retrospectively with effect from 1.10.1986.

Tax is levied only on the value of the goods involved in the execution of a works contract. 'sale price' in relation to a transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract, means the amount of purchase price paid or payable by a dealer in respect of the purchase of such goods effected in the state, or in the course of inter-state trade or commerce or in the course of import and includes the value of such goods brought or transferred from places outside the state, used, applied or as the case may be, appropriated (whether in the same form in which they were purchased or in any other form) in the execution of the works contract in the State.

The turnover limit for taxation is Rs.2 lakh (Section 3) and the tax on declared goods involved in the execution of works contract is 4 per cent and that leviable on the rest of the goods involved is 8 per cent and is levied on the net turnover, after deducting the labour charges, still charges profits, turnover pertaining to tax free goods.

The procedure for assessment, reassessment, recovery, offences and penalties etc. are the same as that under the BST Act 1959.

Leasing: Leasing, is taxable under the Maharashtra sales tax on the transfer of the right to use any goods for any purpose Act, 1985, with effect from 1.10.1986.

The tax is leviable on the transfer of right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration and goods which are subjected to this tax are enumerated in the Schedule and include right to use TVs, video cassette recorders etc. the gross turnover of sales is defined as the aggregate of sale prices received or receivable during a year in respect of the transfer of the right to use any goods and includes any advance received by a dealer as part of the sale price (Section 2(15)). The incidence of tax falls on every dealer whose turnover of sales exceeds Rs.50,000 in a year. He can't sell any goods unless he possesses a valid certificate of registration under this Act. The tax rate is subject to a maximum ceiling of 15 per cent (Section 7) but with effect from 19.9.1986 the notified rate is 4 per cent only. The tax is multi-point. However, additional sales tax is not recoverable from the lessee. This Act is also administered by the Sales Tax Department and the general provisions of the B.S.T Act, 1959 relating to registration, return, assessment, re-assessment, advance payment of tax, collection of tax etc. apply.

Exemptions: Under the B.S. Tax Act, 1959, Schedule A gives the list of 47 exempted goods such as agricultural implements of low value, bread, cereals and pulses, coconut, eggs, etc. There are also conditional exemptions like sales to personnel of Diplomatic corps; UNICEF greeting cards etc.

Taxation of Inputs: Under the B.S.T Act, 1959 in accordance with the provisions of the same the recognised dealer or manufacturer who manufactures taxable goods for inter-state sales is entitled for a set off of the taxes paid by him on the purchase of raw materials. The set off is allowed after reducing 4 per cent of the purchase price subject to certain conditions.

In case of Part I goods under Schedule C, under Section 13AA, apart from sales tax/purchase tax (as the case may be), purchase tax at the rate of 2 per cent is payable but if the goods manufactured out of the scheduled goods are sent by the dealer on branch transfer outside Maharashtra, the excess over 6 per cent of the total tax paid, is only refunded. In case of goods other than those used for the packing of goods manufactured by him, if the authorised dealer (Section 24) resells directly or through another authorised dealer or uses them in the packing of the goods meant for resale, in the course of inter-state trade or commerce or in the course of export within a period of nine months of purchase, the whole of the tax paid at the rate of 4 per cent on purchases, is refunded by way of set off in accordance with Section 12(a) and Section 12(c) and Section 42, provided the purchased goods are despatched within 6 months of purchase (Section 11(1)). In case of manufacture of declared goods and non-ferrous metals, the whole of the tax paid on purchases meant for their production, is refunded.

Incentives to Industries: Package scheme of incentives was introduced in Maharashtra in 1964 and since then there have been various scheme in 1969, 1973, 1976, 1979, 1983 and 1988. Presently the 1988 scheme is in operation. This scheme would remain in operation till 30.9.1993 in which the State of Maharashtra has been classified into different groups viz., A,B,C,D depending on the industrial development and no industry district and incentives are granted to the industries based on the degree of development of the areas in which the industries are situated. These incentives are available in two parts - part I and part II. The sales tax incentives under part-I will be admissible either by way of exemption or by way of deferment but not both. The quantum of sales tax incentive admissible under the 1988 scheme under part I either as an exemption or as a deferment or as an interest free unsecured loan to eligible units other than those undertaking expansion/diversification depends on different percentages of the fixed capital investment for 5 years to 10 years for small, medium and large scale industries. Incentives under part II are in lieu of sales tax incentives under part I. Sales tax incentives, as interest free unsecured loans are given under certain specified circumstances.

2. Registration

Under Section 22, every liable dealer [under Section 3 or Section 19(6)] is required to obtain a certificate of registration from the prescribed authority. However, the Act provides that if a liable dealer has applied for registration within the prescribed time, he can carry on business without waiting for the issue of the certificate of registration. An authorisation (Section 24) is issued to registered dealers whose turnover of export sales or outside state sales of goods during the previous year/current year or whose turnover of sales to any authorised dealer who in his turn makes export sales or outside state sales of goods, exceeds Rs.1 lakh. There are certain facilities attendant with it, such as issuing declarations in form No. 14 and getting concessional purchases.

A recognition (Section 25) - is issued to a dealer where the value of all taxable goods manufactured for sale by him exceeds Rs.5,000 during the previous/current year. The recognised dealer can purchase raw materials by paying 4 per cent purchase tax on the strength of a declaration in form No. 15. A permit (Section 26) is issued to a dealer who bonafidely buys or sells for an agreed commission on behalf of a principal (an authorised dealer or recognised dealer) and whose turnover of purchases during the previous/current year exceeds Rs.1 lakh. The tax liability of the Commission agent is identical with that of the principal.

3. Assessment

Returns (Section 32): The periodicity of submission of returns is now linked to tax liability with effect from 1.4.1984 instead of the quantum of turnover. Those dealers having an annual tax liability exceeding Rs.20,000 have to file monthly return alongwith the proof for having paid the tax irrespective of their turnover within 45 days from the end of the month for the first two months and the return for the last month of the quarter is to be filed within 30 days.

Dealers, whose annual tax liability exceeds Rs.5,000 and is upto Rs.20,000 are required to file quarterly returns within 30 days from the end of the quarter. Those dealers with an annual tax liability less than Rs.5,000 have to file annual returns within 30 days from the end of the year.

Payment of Tax: Every dealer who is an importer manufacturer or both is/are required to furnish an annual commodity wise return in addition to the returns to be filed if his turnover of purchases and sales has exceeded Rs.10 lakh if the tax payable exceeds Rs.20,000 per annum.

Mode of Assessment: Under Section 33 of the Act, dealers are normally assessed for an accounting/financial year (transitional accounting year). Under section 33(1) proviso, however, assessment of dealers for a part of the year can be completed after recording reasons for doing so.

The assessing authority may complete the assessment without requiring the dealer to produce accounts or evidence, if he is satisfied that the relevant return is correct and complete (Section 33(2)). In other cases, the assessment shall be completed after consideration of all evidences and scrutiny of returns, documents etc. (Section 33(3)). There are also circumstances (such as non-filing of return) when assessment to the best of judgement shall be completed (Section 33(4)).

A scheme of summary assessment by way of accepting returns filed by dealers whose tax liability does not exceed Rs.20,000 has been introduced. This scheme saves the dealers, the long procedure of producing books of accounts and evidences in support of their return before the assessing officers as also the administrative inconvenience involved is reduced. However, on random sampling basis, such cases are scrutinised and if discrepancies are found, best judgement assessment orders are passed in which case the facility of summary assessment granted to such dealers is withdrawn.

Section 33(4A), fixes the limitation for concluding assessments as three years from the close of the assessment year. The only condition is that all the returns should have been filed on or before the date prescribed for filing the last return of the year.

The re-assessment of turnover escaping assessment or under assessed turnover or wrong deduction etc. for any year may be made after giving the dealer a reasonable opportunity of being heard, within 8 years from the close of that year in serious cases and within 5 years of the end of that year in other cases (Section 35).

4. Penalty and Prosecution

Under Section 36, a number of penalties have been provided for different defaults. These are as under:

<i>Offence</i>	<i>Penalty</i>
i Failure to comply with the conditions under Section 8A, Section 11 (taxation at reduced rate) Section 12 (deductions on the strength of declarations) Section 41 (exemption notification).	- Twice the amount of tax payable (Section 36(1)) (under certain proviso- no penalty).
ii Failure to apply for registration under Section 22.	- a sum not exceeding the amount of tax assessed re-assessed, payable (Section 36(2)(a)).

- | | | |
|-------|--|---|
| iii. | Failure without reasonable cause to comply to provisions of assessment (Section 33), reassessment (section 35), production in connection with inspection, seizure of accounts documents etc.(Section 49), (revision - section 57). | - a sum not exceeding Rs.10,000 (Section 36(2)(b)). |
| iv. | Failure to disclose transaction/appropriate tax liability in return, Inaccurate deduction/set-off etc. | - a sum not exceeding the amount of tax assessed, reassessed, payable. [Section 36(2)(c)]. |
| v. | When a dealer knowingly issues, produces false bill, cash-memoranda, voucher, declaration etc - resulting in transactions being exempt or taxed at reduced rate. | - a sum not exceeding the amount of tax due (Section 36(2A)]. If the default continues, twice the amount. |
| vi. | Knowingly furnishing false declaration, certificate and getting exemption. | - a sum not exceeding double the amount of tax leviable. [Section 36(2B)]. |
| vii. | Failure to pay tax within the prescribed time. | - a simple interest equal to 2 per cent of the amount of the tax for each month of default in addition to the tax. [Section(3)(a)]. |
| viii. | For any tax due after assessment. | - simple interest equal to 2 per cent of the amount of the tax due. [Section 36(3)(b)]. |
| ix. | Failure to issue memorandum of sales exceeding Rs.10 in one transaction by a registered dealer whose previous year's sales exceeded Rs.1 lakh. | - a sum not exceeding double the amount of such bill or Rs.100 whichever is greater. [Section 36(4)]. |

Under Section 37, for the following defaults, respective penalties have been provided:-

Penalty

- | | | |
|-----|---|--|
| i. | An unregistered dealer collecting tax. | - An amount not exceeding Rs.2,000 or double the collected tax whichever is less [Section 37(1) (a) (i)]. |
| ii. | A registered dealer collecting tax in excess of what is payable or collects illegally turnover tax or additional tax. | - An amount not exceeding Rs.2,000. In addition, the sum collected as turnover tax (in violation of [Section 9(3)], additional tax [by dealers having annual turnover of Rs.10 lakh thus violating Section 15A-1(4)] shall be forfeited [Section 37(1) (a)(ii), 37(1)(a) (ii-a-1), 37(1)(a) (ii-a)]. |

The above penal provisions put a bar to prosecution. Offences of graver nature, have been subjected to the penalty of rigorous imprisonment and fine (Section 63). These are as under:

Offences

Penalty on Conviction

- | | | |
|------|---|--|
| i. | An unregistered dealer falsely representing as registered dealer (violation of Section 22). | Rigorous imprisonment for a term between six months and three years with a fine. |
| ii. | Wilful furnishing of false return when evadable tax exceeds Rs.10,000 during the year. | " |
| iii. | Wilful production of false bill, cash memorandum, voucher, certificate etc. for purpose mentioned in Section 36(2A) | " |

- where tax evadable exceeds Rs. 50,000 during a year.
- iv. Wilful submission of false accounts, registers, documents, information - where tax evadable exceeds Rs.50,000 during a year.
- v. A non-holder of Licence, Authorisation, Recognition or permit represents otherwise.
- vi. Violation by issuing false declaration (under Section 8A), Section 11(taxation at reduced rate), Section 12 (deductions on the strength of declarations) or false bill etc.
- vii. Wilful tax evasion or evasion of tax/penalty payment where the amount involved exceeds Rs.50,000.
- viii. Illegal collection of turnover tax, additional tax, wilful carrying on of business without registration even though liable, wilful non furnishing of information/return, wilful collection of tax on exempted goods, wilful failure to issue bill/cash memorandum or to maintain accounts despite directions, voluntary obstruction to inspection/search/seizure.
- Punishment with rigorous imprisonment of 6 months to 3 years and with fine. If the offence is a continuing one, in addition, punishment with a daily fine of Rs.100 or more for the period of continuance.

For a minor variety of offences under (ii), (iii) above, for maintenance of false accounts, for a minor variety of offences under (iv) above, a minor variety of offences under (vii) above punishment with rigorous imprisonment of 3 months to 1 year and with the fine and the penalties. If the offence is a continuing one, in addition, punishment with a daily fine of Rs.100 or more for the period of continuance is levied.

5. Administrative Organisation

The Sales Tax department in Maharashtra is headed by a Commissioner of Sales tax, a senior scale officer of the I.A.S. He is responsible for administering various Acts, apart from Sales Tax Acts, entrusted to the Sales Tax Department. All the relevant powers of administering the various enactments are vested in him and the subordinate officers hold delegated powers at various levels.

There are four Additional Commissioners of Sales Tax, three Incharge of Zones, each zone comprising of a number of divisions who are incharge of administration in their respective zones and act as revisional authorities in respect of orders passed by the Deputy Commissioners (Appeals); the other Additional Commissioner stationed at headquarters is incharge of the general administration including the establishment matters of the department.

There is a Joint Director, Statistical Cell, on deputation to the Sales Tax Department. He is incharge of collecting and maintaining statistical data of various types.

There are 27 Deputy Commissioners. One Deputy Commissioner (Headquarters) assists the Commissioner directly in administration. The Deputy Commissioner in-charge of audit with the assistance of subordinate Assistant Commissioners takes up the cases of big tax payers for audit where the tax involved is more than Rs.4 lakh. The Deputy Commissioner (Legal) with the help of Assistant Commissioners and Sales Tax Officers, represents the revenue before the Maharashtra

Sales Tax Tribunal and also advises the Commissioner on legal matters as and when called for. The Deputy Commissioner (Enforcement), Supervises the work of the Assistant Commissioners and Sales Tax Officers in the matters of detection of tax evasion. The Deputy Commissioner (Administration), Incharge of Administration in a Division, supervises the work of Assistant Commissioners and Sales Tax Officers Class I & II, working in the Division and he is delegated with the powers to be incharge of Profession Tax Act and is also a revisional authority for the orders passed by the Assistant Commissioner. The Deputy Commissioners of appeals, are the appellate authorities for the orders passed by the Assistant Commissioners and their orders are subject to revision by the Additional Commissioner. Out of the other Deputy Commissioners, one Deputy Commissioner looks after the administration of the Profession Tax Act in the Bombay City Division, i.e. Bombay.

The Assistant Commissioners, incharge of the administration supervise the administration of the 'Range' through the Sales Tax Officers Class I and II posted in the range under him. They are revisional as well as appellate authority for the orders passed by the STOs. The Assistant Commissioners (Assessment) are incharge of assessments and assess the big tax payers in their respective jurisdiction.

The Sales Tax Officers, Class I & Class II look after assessments and recovery in their jurisdiction. Generally, cases of sales/purchases turnover exceeding Rs.3 lakh are allotted to S.T.O Class I and those of sales/purchase turnover of Rs.3 lakh and below are allotted to S.T.O Class II.

6. Appeal/Revision (Remedial measures)

Under the provisions of Section 55 of the B.S.T Act, 1959, an appeal against the S.T.O's order lies to the Assistant Commissioner. For the order of the Assistant Commissioner, Deputy Commissioner is the appellate authority. The orders passed by Deputy Commissioner/Additional Commissioner or Commissioner, is appealable in the Tribunal.

In the case of an appellate order passed by an Assistant Commissioner or by a Deputy Commissioner, a second appeal lies at the option of the appellant, either to the Commissioner or to the Tribunal.

The time limit for filing a first or second appeal is 60 days from the date of the communication of the order appealed against.

Revision: Under Section 57, the Commissioner (and other superior authorities like an Additional Commissioner) may suo moto, call for within three years from the date of communication of any order passed by the assessing authority and examine the record of such order and pass such order as he thinks just and proper. The revisional order is required to be made within five years from the date of communication of the order sought, to be revised.

The Tribunal can also revise any order (not an order on second appeal) passed by the Commissioner provided an application in this regard is made to it within four months from the date of communication of the order revisable.

There is a bar to revision without taking recourse to appeal.

There is a provision, under section 61, for statement of case to the High Court on any question of law.

The mistakes apparent from the record are rectified under Section 62.

7. Checkposts

There are no Sales Tax checkposts in Maharashtra.

Some other statutes administered by the Sales Tax Department are as under:

- i. *The Maharashtra Sale of Motor Spirit Taxation Act, 1958*: The Act provides for the levy of tax on the sale of Motor spirit i.e., petrol, high speed diesel etc., within the State. The sale of motor spirit is exempt from the levy of sales tax under the B.S.T Act. The tax on motor spirit under the M.S.M.S Taxation Act is levied only at the stage of first sale.

The Act is administered by the Commissioner of Sales tax, Maharashtra under his designation as Collector of Motor Spirit Sales Tax. Assessments are made by the Sales Tax Officers who are designated as Motor Spirit Sales Tax Officers for purposes of this Act.

- ii. *The Maharashtra Purchase Tax on Sugarcane Act, 1962*: Under this Act, a specific tax is levied on the purchase of sugarcane for purposes of manufacture of sugar, including khandsari sugar, in a factory. This Act is also administered by The Commissioner of Sales Tax who is designated as Commissioner of Purchase Tax on sugarcane. Assessments under the Act are made by the S.T.O's as Purchase Tax Officers.

This tax is levied on the tonnage of sugarcane as notified by the Government in official gazette from time to time. But the rate is limited to 2 paise per kilogram.

A dealer is required to obtain a licence from the department which is valid upto and inclusive of the 30th day of June every year and needs to be renewed every year.

MANIPUR

Manipur Sales Tax Act was enacted in December 1990 and it extends to the whole of Manipur. Sales taxation in Manipur is governed by the Manipur Sales Tax Act 1990 and the Central Sales Tax Act 1956.

1. Structure

Every dealer who is liable to pay tax under earlier laws, and dealing in goods other than those mentioned in Schedule III, an importer or manufacturer irrespective of the turnover and other dealers with a turnover of Rs.30,000 per annum, are liable to pay tax. A dealer registered under the CST Act 1956 is also liable.

Point of Levy: Manipur Sales Tax Act envisages a single point levy at the point of first sale or at the point of last sale and covers 136 commodities at the point of first sale under 14 groups and 3 items are taxable at the point of last sale. The Government by a notification, can levy tax at any point of sale or purchase on any goods.

Rate Structure: 136 commodities are taxable at the point of first sale under 14 groups at the rates ranging from 3 to 15 per cent on goods like pepper, candles, toilet articles etc. under Schedule I. Schedule II enlists the goods taxable at the point of last sale at the rate of 12 per cent like cinema equipment, lifts and sound transmitting equipments.

Hire-Purchase: The definition of sale includes hire-purchase.

Exemptions: Goods exempted from sales tax are enlisted in Schedule III. The State Government may from time to time notify goods to be exempted goods of mass consumption like cereals, pulses, atta, maida, suji, etc., raw materials pesticides etc. are exempted.

Taxation of Inputs: The raw materials mentioned in the III Schedule and Section 7 of the Manipur Sales Tax Act are exempted from Sales Tax. Such goods include Oil Seeds, Jute, Tobacco, etc.

Incentives to Industries: As part of the Central/State Government's Industrial Policy, sales tax incentives in the form of exemption is granted to industrial enterprises/units. This exemption from sales tax given to the Industries is for a period of 5 years with effect from the date of commencement of the commercial production by each of them.

2. Registration

Compulsory: Dealers with a turnover of Rs.30,000 per annum and an importer, manufacturer irrespective of the turnover and a dealer registered under the CST Act 1956, are liable to get themselves registered compulsorily.

The Commissioner may require any dealer, who in his opinion is liable for registration, to register.

Voluntary: Any dealer who is not liable to pay tax, may also get himself registered.

3. Assessment

Returns: Every registered dealer should furnish returns at such intervals, to such authority and within such time, as may be prescribed. The Commissioner may require any person by notice, to furnish within such time to such authority as may be specified in such a notice.

Payment of Tax: The tax due from the assessee is to be paid into a Government Treasury and proof for payment of the same may be furnished along with the return.

Mode of Assessment: The Commissioner is empowered to assess the dealer for the tax to be paid on the basis of the returns filed.

If the returns filed are incorrect or incomplete the assessment is completed after hearing the assessee and verifying the evidences produced by him.

If a dealer fails to file a return or having filed the return fails to comply with the notice the Commissioner may assess the dealer to the best of his judgement.

Further, if the Commissioner is satisfied that any dealer is liable to pay tax under this Act and has failed to apply for registration or to file the return, he may assess such dealer within 8 years from the end of the year to which such an assessment pertains to.

If the Commissioner is satisfied, that any turnover in respect of sales of any goods or any amount received by a dealer has escaped assessment or has been under assessed or assessed at a lower rate or any reduction has wrongly been made, he may proceed to assess or reassess the dealer within eight years from the end of the year to which such escapement pertains to.

4. Penalty/Prosecution

Any person carrying on business as a dealer without complying with the requirements under the Act and if a dealer (a) fails to submit the returns in time, (b) falsely represents when purchasing any class of goods that such class are covered by certificate of registration not being a registered dealer, falsely represents to be one, (c) fails to keep accounts as required under the Act or fails to produce any accounts, information etc. when called upon to do so, (d) fails to comply with the requirements of the Act, knowingly produces incorrect accounts, (e) fraudulently or wilfully evades the payment of any tax due, (f) fails to pay within the time allowed any tax/interest/penalties assessed/levied under the Act, (g) obstructs any officer-in-charge of a

checkpoint from making any entry or inspection of goods, (h) charges sales tax on the sales of exempted goods, fails to submit return or submit incorrect return, he would be on conviction before a Magistrate, punishable with a fine not exceeding Rs.1,000 or imprisonment or with both.

For the cases mentioned at (a) and (c) the dealer is liable to pay by way of penalty, in addition to tax payable by him a sum not exceeding one and a half times that amount.

5. Administrative Organisation

The Commissioner of Taxes is the Head of the department assisted by other officers including Assistant Commissioners, Superintendents of Taxes, Inspectors of Taxes, who are appointed under Section 3 of the Act.

6. Appeals/Revision

Any dealer objecting to an order of assessment or penalty passed under the Act may appeal to the prescribed authority (the Commissioner of Taxes).

The Commissioner may call for and examine the record of any proceeding under the Act and if he considers that any order passed by any person appointed to assist him is erroneous and prejudicial to the interests of revenue, may pass a fresh order enhancing/modifying or cancelling the assessment after giving an opportunity of being heard, to the Assessee.

7. Checkposts

The State Government may, by notification, set up and erect checkposts and barriers at any place in the state with a view to preventing the evasion of tax payable. Any person transporting such goods shall file before the officer incharge, documents in respect of the goods carried who for the purpose of satisfying himself that there is no contravention of the procedure, may intercept, detain and search any vehicle.

MEGHALAYA

Sales tax is administered in Meghalaya under the following Acts:

1. Meghalaya Sales Tax Act.
2. Meghalaya Finance (Sales Tax) Act.
3. Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirits and Lubricants) Taxation Act.
4. Meghalaya Purchase Tax Act.
5. Central Sales Tax Act.

1. Structure

The Meghalaya Sales Tax Act (MST Act) is the principal Act and is a sort of general sales tax law of the State. It provides for the levy of sales tax w.e.f. first April of the year in which the gross turnover of the dealer within and outside the State exceeds Rs.20,000. An exemption is allowed on the first Rs.20,000 of the gross turnover of the first year provided that such sale did not arise from the sale of the commodity furnished by the use of C Forms. Sale of taxable goods in the course of inter-State trade or exports outside India has to be excluded to determine the liability to pay tax.

A dealer once becoming liable to tax shall continue to be liable until the expiry of three consecutive years during each of which his gross turnover remained below Rs.20,000.

Point of Levy: The system of single point tax is followed in the State. Tax under the MST Act is realised at the point of last sale.

Rate Structure: The rates of tax leviable on different commodities are given in Schedule II of the Act. Readymade garments and hosiery goods are taxed at 6 per cent, food or any other article for human consumption or any drink (whether or not intoxicating) is taxed at 10 per cent. Transfer of right to use any goods except video cassettes, VCP, VCR for any purpose is taxed at 2 per cent and transfer of right to use video cassettes, VCP and VCR are taxed at 10 per cent. The general rate applicable to goods not specified (other than those taxed under Meghalaya Finance (Sales Tax) Act and Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act is 7 per cent.

Works Contract: The MST Act authorises the levy of tax on works contract. According to Section 2(13), the term "Sale price" includes the amount payable to a dealer as valuable consideration for the carrying out of any of the contracts, less such fraction of such amount as represents the prescribed proportion of the cost of labour used in carrying out such a contract. Thus on works contract, tax is levied only on the transfer of goods whether as goods or in any other form.

Exemptions: As in other States essential goods for the consumption of common man have been exempted from tax. Such goods include foodstuffs, fresh vegetables, fresh fruits, meat, etc.

Taxation of Inputs: The State government is empowered to allow in respect of Small Scale Industries a set off, draw back or refund of the whole or any part of the tax paid in respect of any purchase of raw material for use by any dealer in the manufacture of goods for sale.

2. Registration

Under the MST Act every dealer who is liable to pay tax is under a statutory obligation to get himself registered without which it is illegal for him to carry on business in the State. In the normal course the dealer voluntarily applies for registration but in other cases the Superintendent of Taxes (ST) is empowered to compel a dealer to apply for registration and issue a certificate.

3. Assessment

Returns: Returns are filed on a quarterly basis for the quarters ending 30th June, 30th September, 31st December and 31st March and have to be accompanied by a proof of payment of tax. Delay in filing the returns attracts levy of interest at the rate of 6,9,12 and 24 per cent for the period of delay after allowing one month of grace period. A dealer may also file a revised return before the completion of the assessment, if he discovers any mistake or omission in the original return.

Mode of Assessment: An assessment is made on an annual basis. A return may be accepted and assessment completed, where the assessing authority is satisfied about its correctness. In the absence of such satisfaction assessment may be made after requiring the production of accounts and or any such evidence on which the dealer may rely. The assessing authority is empowered to make an assessment on the best judgement basis, if the dealer fails to file voluntary return or to produce evidence in support of the return, if called upon to do so after affording an opportunity to the dealer to make a compliance.

An ex-parte (best judgement) assessment can be cancelled and fresh assessment made if the dealer satisfies the assessing authority that he was prevented by sufficient cause from filing the return or from producing evidence, etc.

The Superintendent of Taxes may rectify any mistake in the assessment which is apparent from the records within three years from the date of assessment. He also has powers to re-open the assessment, if he discovers that any part of the taxable turnover has escaped assessment, within eight years from the end of the relevant year.

4. Penalty and Prosecution

Failure to file return or/produce evidence on the part of dealer without reasonable cause entails levy of penalty. If the STO is satisfied that the dealer has deliberately concealed the particulars of turnover or has evaded tax liability, he may impose penalty (after giving an opportunity to the dealer of being heard) amounting to a sum not exceeding one and a half times the amount of tax payable by him. A person is liable to be punished for making a false statement or declaration. The punishment on conviction by a magistrate may result in simple imprisonment upto 6 months or fine upto Rs.1,000 but the STO has discretion to compound the offence. Where a person evades any tax, he may accept by way of composition a sum of Rs.1,000 or double the amount of tax evaded whichever is higher. In other cases, the composition money not exceeding one thousand rupees may be charged.

Secrecy Regarding Proceedings: The particulars given in the returns or those furnished in any proceedings are to be kept confidential. Public servants found to have disclosed such particulars are liable to be punished with imprisonment (upto 6 months) and fine.

Meghalaya Finance (Sales Tax) Act: Tax under this Act is realised at the first point of sale within the State. A dealer under this Act means a person who sells taxable goods manufactured, made or processed by him in Meghalaya or brought by him into Meghalaya from any place outside Meghalaya for sale in the State. There is no exemption limit under the Act and liability to pay tax arises with the first sale of taxable goods.

Taxable goods are specified in the Schedule to the Act which also gives the rates of tax. Other provisions such as registration, assessment, appeal/revision are the same as in the MST Act.

Meghalaya (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, 1985:

Under this Act sale of petrol, diesel, kerosene, lubricants, grease, etc. are taxable as per the prescribed rates given in the schedule. The provision for registration, assessment, collection and recovery are the same as under the MST Act with an only difference that the return and assessment are made on quarterly basis.

Meghalaya Purchase Tax Act: Tax under this Act is levied at the point of last purchase of the goods specified in the Schedule of the Act at the prescribed rates. Returns are required to be submitted after every quarter.

5. Administrative Organisation

The Commissioner of Taxes is the head of the department as well as the revisional authority.

Appellate functions are performed by the Assistant Commissioner of Taxes who does not have any administrative functions.

The Superintendent of Taxes is the assessing authority who does the work of assessment, registration and collection of taxes in respect of the cases falling under his jurisdiction. At present, 14 posts of Superintendent of Taxes are functioning. The Superintendent of Taxes is assisted by Inspectors of Taxes who are responsible for conducting survey, enquiry work and inspection, etc.

6. Appeal/Revision/Reference

Appeal against the assessment or penalty order may be filed before the Assistant Commissioner of Taxes (ACT) within thirty days of the service of such order.

The power of revision vests with the Commissioner of Taxes and he may revise any proceedings of the Assistant Commissioner of Taxes or Sales Tax, if he considers that any such order is prejudicial to the interest of revenue after giving an opportunity of being heard, to the dealer. The Commissioner may also, within ninety days, revise either voluntarily or on a petition by the dealer any proceeding and pass such order not being an order prejudicial to the dealer.

A reference may be made to the High Court within sixty days of any order made by the Commissioner on a point of law.

7. Checkposts

There are fourteen checkposts in the state set up to check tax evasion in respect of mineral goods, limestone, timber etc.

MIZORAM

Mizoram has agriculture as the mainstay of the majority of its population. Handloom, handicrafts are its cottage industries. Rice milling, oil and flour milling, mechanised carpentry workshops, raw milling, brick making and furniture workshops are small scale industries. Ginger oil oleoresin extraction plant has recently been established. In this backdrop, to make an addition to its revenues it was considered expedient to impose a tax on the sale of goods. Hence, The Mizoram Sales Tax Act, 1989 was enacted w.e.f. 1.4.1990 vide Mizoram Act No. 8 of 1989 and notification No. TXT 136/86/140 dated 1.2.1990. Sales of petroleum and petroleum products, however, are separately taxed under the Mizoram (Sales of Petroleum and Petroleum products, including Motor Spirit and Lubricants), Taxation Act 1973 (amended upto date).

1. Structure

Every dealer whose gross turnover from sales, other than sales of notified goods involved in the execution of works contract, in Mizoram exceeded Rs.20,000, the taxable quantum during the twelve months immediately preceding the effective date, are liable to pay tax on such other sales. Contractors (dealers) whose gross turnover from sales which have taken place in Mizoram by transfer, by separate agreement and for money consideration of goods involved in the execution of a works contract, whether as goods or in some other form, during the twelve months immediately preceding the date of commencement of the Act exceeded Rs.2 lakh are liable to pay tax on the 'contractual transfer price'. The contractual transfer price will mean the cost of the goods involved in the execution of works contract including the cost of delivery of the goods at the site of execution of the contract.

Point of Levy: A majority of goods, numbering 97, as listed in notification No. TXT. 136/86/141 dated 1.2.1990, have been subjected to tax at first stage of sale in Mizoram (Section 4(3)). Luxury items, consumer durables, come under this category.

Rate Structure: As per Schedule II, declared goods are taxable at 2 per cent and the rate of tax in respect of many goods, garments made of non-synthetic yarn are taxable at the rate of 2 per cent; special goods, mentioned generally in Section 2(15), and 22 goods specifically mentioned in Schedule I are taxable at 5 per cent.

Works Contract, Hire-purchase, Leasing: Although, the definition of 'sale' has been enlarged in Section 2(12) of the Act, to cover sale of goods involved in the execution of works contract, whether as goods or in some other form, and 'sale-price' has been defined in Section 2(13)(b) as the amount payable to dealer as valuable consideration for the carrying out of any contract less such fraction of such amount as represents the prescribed proportion of the cost of labour used in carrying out such contract, at the rate of 5 per cent. However, works contract has been defined as any agreement for carrying out for cash or deferred payment or other valuable consideration, whether as goods or in some other form, (a) the preparation, construction, fitting out, improvement or repair of any moveable property, or of any building, road, bridge or other immoveable property.

Leasing: In the case of transfer of the right to use any goods i.e. leasing, no specific extension of the definition of 'sale' has been provided but in the list of notified goods subject to first point levy under the Mizoram Sales Tax Act, 1989 in notification No. TXT 136/86/141 dated 1.2.1990, at serial 93, leasing has been mentioned as 'goods'. The expression transfer of the right to use any goods including video cassette recorders, video cameras (whether or not for a specified period) for cash, deferred payment or other valuable consideration does find place 'The definition of sale-price' has not been specifically extended to cover the lease rentals. The taxable event and rate of tax too in this context have not been spelt out but by implication it can be construed that 'sale' takes place inside the state. The rate of tax on this would be 5 per cent.

Exemptions: Schedule III to the Act, lists 60 items exempted from tax which include all cereals and pulses, bread, cotton, fertilizers, oil cakes, fish, ghee, flour, gur and molasses, anti-malaria drugs, mustard oil etc. and Mizoram State Khadi and Village

Industries Board, goods exported to Bhutan/Sikkim (on the strength of certificate of the competent authority or land customs receipt), gifts to armed forces by manufacturers, purchases by U.N.I.C.E.F, gobar gas plants etc.

2. Registration

Compulsory: Every liable dealer is required to get registered.

Voluntary: Voluntary registration to any dealer whose total gross turnover during a year amounts to or exceeds the taxable quantum may apply for registration even though ordinarily he may not be liable to tax.

3. Assessment

Returns: Ordinarily every registered dealer has to file returns in respect of goods taxed at source vide notification No. TXT 136/86/141 dated 1.2.1990 as under:

- i. For the four quarters of 1990-91 within 31st August, 1990, 30th November, 1990, 31st January, 1991, 30th April, 1991 respectively
- ii. For other subsequent quarterly returns within 30th April, 31st July, 31st October, 31st January respectively.

Payment of Tax: Tax is to be paid by the registered dealer, prior to the furnishing of the return, into the Government Treasury and the treasury receipt is to be enclosed along with the return.

Rebate of Tax: Rebate of 1 per cent of tax is given only on fulfilment of certain prescribed conditions.

Mode of Assessment: Ordinarily for a half-year period, or for a business closing during the half-year period, assessment is made by the assessing authority without calling for the evidence in support of the return, provided the return is correct and complete.

If the assessing authority is not satisfied, the assessment is completed only after hearing the assessee. The best judgement assessment is resorted to, in case of non-furnishing of return, non-compliance of terms of the notice. The assessment has to be completed within four years from the end of the year under consideration for assessment. For fresh assessment, after cancellation of a best judgement assessment under certain conditions, or as a result of appellate order or revisional order, the period of limitation is four years from the date of the directive order.

The best judgement assessment is made in case any liable dealer has failed to get himself registered, to file return as required in respect of any period or in case where taxable turnover has escaped assessment during any period or has been under assessed or assessed at a lower rate.

The period of limitation in such cases of assessment is eight years of the end of period under consideration.

4. Penalty and Prosecution

Penalty: If in the course of any proceedings, concealment of particulars of turnover or deliberate furnishing of inaccurate particulars of such turnover or evasion of tax liability is proved, penalty amounting to 1.5 times of the tax payable in addition to the tax is imposed against the defaulting dealer.

Fine: For deliberate non-furnishing/late furnishing of return, non-compliance to assessment notice a fine of Rs.50 for each day of default will be imposed till the date of compliance.

Prosecutions: For the following offences a penalty, on conviction, is imposed:

- i. Carrying on business without being registered as liable dealer or contravening provisions of the Act.

- ii. Unreasonable, delayed submission of return or submission of false return.
- iii. Falsely taking advantage of purchases of goods not mentioned in certificate of registration.
- iv. Unregistered dealer falsely taking advantage of purchases given to registered dealers.
- v. Failure to keep accounts or records of sales.
- vi. Failure to produce accounts, evidence, documents/furnish information.
- vii. Deliberate production of incorrect accounts, registers or documents/deliberate furnishing of incorrect information.
- viii. Fraudulent/wilful evasion of payment of due tax, concealment of tax liability.
- ix. Failure to pay assessed tax/penalty within the time allowed.
- x. Prevention of, or obstruction to, inspection, entry of officers in discharge of duties.
- xi. Prevention of, or obstruction to, entry into, inspection, interception, detention or search of goods vehicle by checkpost, barrier incharge.
- xii. Charging of sales tax on sales of goods exempted or of sales tax in excess of what is payable.

The offenders in addition to tax or/and penalty due, are punishable with imprisonment upto 6 months or with fine upto Rs.1,000 or with both and when the offence is a continuing one, with a daily fine upto Rs.50 during the period of continuance of the offence.

For false statement in verification/declaration in connection with any proceeding, the offender is punishable with simple imprisonment upto 6 months or with fine upto Rs.1,000 or both.

5. Administrative Organisation

The Secretary to the Government of Mizoram, Excise and Taxation Department has been appointed as the Commissioner of Taxes, Mizoram for carrying out the provisions of the Mizoram Sales Tax Act, 1989 with effect from 1.2.1990 vide notification No.TXT. 136/86/142 dated 1.2.1990.

A team of Assistant Commissioners assist the Commissioner in the matter of registration, prevention of tax evasion, recovery of dues, refunds etc.

There are Superintendents of Taxes at Aizwal, Circle I Aizwal, Circle II, Lunglei to look after compulsory registration, voluntary registration, returns, assessment, re-assessment after detection of tax evasion by dealers, escapement of turnover cases, penalties, recovery of dues, refunds, composition of offences, maintenance and preservation of accounts, insistence on production of accounts with powers to call for information, take evidences on oath etc. They are assisted by Inspectors of Taxes, who are not assessing authorities, in the matter of inspection of accounts, documents of dealers, entry, search and seizure etc. as also in the matter of taking evidence on oath etc.

6. Appeal/Revision (Remedial Measures)

The first appellate authorities are the Assistant Commissioners (Appeals), who hear cases of objection against orders of assessment/penalty. The appeal is to be filed within 60 days of the service of the order objected to. The Commissioner has the powers of suo moto revision in cases where decisions of the lower authority are found to be prejudicial to the interests of the revenue. In other cases, not appealed against, he has revisional powers. The second appeal against the orders of Appellate Assistant Commissioners or against the suo moto revisional orders of the Commissioner lie before the Board of Revenue. Reference against the orders of the Board of Revenue only on questions of law lie before the High Court.

There is a provision for rectification of mistakes apparent from the record and for the remaining difficulties as occasions may require, by issuing orders but not inconsistent with the purpose of the Act.

7. Checkposts

A checkpost at vairengte has been set up with effect from 1.2.1990 with a view to prevent the evasion of tax payable under the Act. Every person transporting goods should, at any checkpost or barrier set up for the purpose of interception, detention and search of goods vehicle by the officer incharge of checkpost/barrier, file a correct and complete declaration of the goods in the prescribed form and manner before crossing the checkpost/barrier to enable the officer make proper checking of compliance to the relevant provision.

NAGALAND

The State of Nagaland was born on 1st December, 1963. It is a hill State located in North Eastern India. Sales Tax is being collected in the State by administering the following Acts:

- A. The Nagaland Sales Tax Act, 1967
- B. The Nagaland (Sales of Petroleum and Petroleum products including Motor Spirit and Lubricants) Taxation Act, 1967.
- C. The Central Sales Tax Act, 1956.

A. Nagaland Sales Tax Act, 1967

The Act came into force on 1st April, 1970.

1. Structure

The tax is payable by every dealer whose turnover exceeds the taxable quantum. The taxable quantum is as under:

- | | | |
|------|--|-----------|
| i. | In the case of importers | Rs.5,000 |
| ii. | In the case of manufacturers, processors or producers of goods | Rs.5,000 |
| iii. | In the case of other dealers | Rs.20,000 |

Point of Levy: Sales tax is levied at a single point of sale at the last stage.

Rates Structure: Sales tax is levied on goods (which are not exempted) at rates varying from 1 per cent to 12 per cent. There are in all six rates in force. These are 1, 4, 6, 7, 11 and 20 per cent.

Alcoholic drinks are taxed at 20 per cent and the rate of 11 per cent is charged on luxury goods. Goods of special importance are taxed at 4 per cent. Readymade garments attract the lowest rate of 1 per cent. The general rate is 6 per cent which is levied on goods for which no rates have been prescribed and which are not exempted from tax.

Exemptions: Sales of daily necessities and essential commodities needed for the consumption of common man are exempted from tax. Schedule II lists such goods which include pulses, cereals, milk, fresh fruits, salt, etc.

There is a system of tax free transaction among registered dealers within the State only.

All registered dealers who manufacture goods can purchase raw material, plant & machinery, etc. from other registered dealers in the State without payment of any Sales Tax.

2. Registration

- i. Every dealer liable to pay tax has a legal obligation to get himself registered and obtain a certificate of registration.
- ii. *Voluntary registration:* However, a dealer whose gross turnover during a year exceeds Rs.5,000, notwithstanding that he may not be liable to pay tax, may get himself voluntarily registered.
- iii. The Commissioner may require any dealer to get registered.

3. Assessment

Returns: Returns are to be submitted every quarter within 30 days from the end of the relevant period. The return should be accompanied with the proof of payment of tax.

Mode of Assessment: Assessment is made on quarterly basis. On receipt of a quarterly return the assessing authority calls for evidences and books of account to verify the correctness of the return. The assessment is completed on the basis of the evidences, etc. produced. If any tax demand assessed is further payable, a demand notice is issued to the dealer requiring him to pay the tax within a specified period.

4. Administrative Organisation

The Commissioner of Taxes and Excise is the head of the department. He exercises all administrative powers relating to the department. Besides, he exercises revisionary powers of suo moto revision. He is the primary authority of all legal powers provided under the taxation laws of the State. However, in practice, most of the powers are delegated to the following officers appointed to assist the Commissioner.

- i. Assistant Commissioner of Taxes.
- ii. Superintendent of Taxes.
- iii. Inspector of Taxes.

The Assistant Commissioner of Taxes (Appeals) performs appellate functions while the other Assistant Commissioner of Taxes exercises administrative control and supervision regarding the work in Unit Offices and Mobile Squad (Intelligence Wing).

There are four Unit Offices in the State, viz., Dimapur, Kohima, Mokokchung and Tuensand. Each unit office is headed by a Superintendent of Taxes, who is the assessing Officer. In some unit offices like Dimapur and Kohima where workload is heavy, there are more than one Superintendents of Taxes. Besides, each Unit Office has a number of Inspectors of Taxes to assist the Superintendent of Taxes. The primary duty of an Inspector of Taxes is investigation and enquiry work, etc. as directed by the Superintendent of Taxes.

In addition to the above four Unit Offices there is one office as Mobile Squad Office headed by a Superintendent of Taxes with three Inspectors of Taxes under him. This unit functions under the direct supervision of the Assistant Commissioner of Taxes. This mobile squad is the intelligence wing of the department and its main function is to detect cases of tax evasion. The Superintendent of Taxes in-charge of the mobile squad exercises the same legal powers as given to a subject in the unit office. But he has jurisdiction over the entire State. The information collected by the mobile squad is passed on to the concerned unit office of the area for necessary action.

5. Appeal and Revision

If a dealer is aggrieved by the order of assessment or penalty passed by the assessing authority, he may seek remedy by preferring an appeal before the appellate authority, the Assistant Commissioner of Taxes (Appeal) within 30 days from the receipt of the order. An appeal filed after the expiry of the time may be accepted if the appellate authority is satisfied that the appeal could not be filed in time due to circumstances beyond the control of the appellant. A dealer has also the option to seek remedy by filing a petition before the Commissioner of Taxes within ninety days of the receipt of the order. The Commissioner may call for the records of the relevant proceedings and pass such order as he thinks fit.

The Commissioner has also other revisionary powers under which he may call for the records of any proceedings and if he finds that the order passed in those proceedings by any authority subordinate to him is prejudicial to the interests of revenue he may pass such order as he considers necessary.

B. The Nagaland (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, 1967.

This Act came into force with effect from 1.10.1972 prior to implementation of its own State Act, Assam Act of sales of petroleum was extended and continued to operate in Nagaland till the same was replaced by Nagaland Act. The procedure for submission of returns, assessment and realisation of tax is almost the same as in the General Sales Tax law.

Rates of tax are as under:

i.	Motor Spirit	08 paise per litre
ii.	Lubricants	09 paise per litre
iii.	Diesel oil	07 paise per litre
iv.	Crude oil	Ad-valorem 3 per cent
v.	Grease	10 paise per kg.

ORISSA

Sales Tax was introduced in Orissa with the enactment of Orissa Sales Tax Act, 1947. The Act has undergone extensive amendments since then. With the repeal of the Orissa Motor Spirits (Sales Taxation) Act on 1st December, 1977, motor spirits were brought within the purview of the Orissa Sales Tax Act. Apart from the Central Sales Tax Act, the administration of sales tax in the State is governed by the following enactments:

- A. Orissa Sales Tax Act, 1947.
- B. Central Sales Tax Act 1956.

A. ORISSA SALES TAX ACT, 1947

1. Structure

Every dealer whose gross turnover during a year exceeds Rs.2 lakh is liable to register and pay tax. The registration limit for importer, manufacturer and works contractors is fixed at Rs.20,000 and one lakh respectively under the Orissa Sales Tax Act.

Point of Levy: In Orissa, initially, all commodities other than those specifically exempted were subject to the last-point sales tax. Gradually, a shift has taken place in favour of the first-point sales tax, which now applies to about 255 commodities. Purchase tax is levied on 19 commodities which are mostly agricultural or animal products, e.g., hides and skins, gum, lac, etc. Commodities not specified elsewhere are subjected to the last-point tax.

Rate Structure: As of now, there are six rates of sales tax in the State, varying from 2 to 16 per cent, with a general rate of 12 per cent. The lowest rate of 2 per cent applies to aluminum, chemical, fertilizer, pig iron and 4 per cent all declared goods and several other commodities which are either essential goods or goods largely used as inputs. A rate of 8 per cent applies to only ten commodities like aluminium utensils, electric pumpsets, motor cycle, scooters, umbrella, etc. 17 commodities, are taxed at 12 per cent, besides, the general rate of 12 per cent. About 50 commodities considered luxuries goods are taxed at 16 per cent.

Surcharge: Additional tax has been replaced by surcharge w.e.f. 1.7.1990 and this is payable by a dealer whose gross turnover exceeds Rs.10 lakh at the rate of 10 per cent on the total amount of tax payable by him. This is not collectable.

Works Contract: Tax on works contract was introduced in Orissa with effect from 1.7.1984 by amending the definition of 'sale' to include transfer of property in goods involved.

Exemptions: As in other States, tax exemptions are accorded on various considerations. Conditional exemptions fall into three sub-groups: (i) Sales to specified international organisations and philanthropic societies, (ii) Sales by or to cooperative societies and other big organisations; and (iii) Sales to and by newly set up industries, particularly those in the small-scale sector. Goods enjoying unconditional exemption may also be classified under three sub-groups: (i) those exempted on humanitarian grounds, like wheel-chairs for the handicapped and specified medicines, (ii) commodities the use of which is sought to be encouraged like gobar gas plants, amber charkha and manually operated agricultural instruments, and (iii) goods exempted on administrative grounds or because of their nature, i.e., basic or essential goods.

Taxation of Inputs: Inputs are taxed at a concessional rate of 4 per cent when sold to a registered dealer for use in the manufacture and processing of goods for sale or in mining or generation of electricity or any form of power. The concession is allowed against a declaration furnished by the producer in the prescribed form.

Incentives to Industries: In order to promote the growth of new industries in Orissa the State government has allowed exemption of tax to new industries manufacturing goods for a period of five years from the date of production on the purchase of raw material which directly goes into the composition of finished goods. Further, to encourage small scale industries set up on or upto 1.4.1986 tax exemption is allowed for a period of five years on the Sale of goods produced by such small scale industries subject to the condition that the goods manufactured are sold in the States or in the course of inter-State trade or commerce or are exported out of India. Similarly medium and large scale industries can avail or deferment in payment of tax exemption of raw materials, spare parts and packing materials for a period of 7 years from the date of commercial production in 10 districts and for a period of 5 years in 3 districts. From 1.12.1989, incentives allowed earlier are further liberalised. For new SSI units tax free purchase of raw materials, spares of machines, packing materials allowed for a period of 7 years. In case of medium and large scale industries it is 5 years in zones B,C and 7 years in Zone A. Sales of finished products are exempted in case of SSI units but in respect of medium and large scale industries deferment scheme has been introduced but in lieu of deferment the industries can opt for exemption for a period of five years in B, C zones and 7 years in zone A. Sales of finished products of new SSI units are exempted from tax for a period of 7 years in the units of commercial products on new medium and large scale units are allowed deferment of sales tax collected on their finished products for period of 7 years in Zone B and C, 9 years in Zone A. Such units in lieu of deferment can opt for exemption for a period of 5 years in Zone B and C and 7 years in Zone A. In case of pioneer units these incentives are allowed for two year more. Incentives are allowed for modernisation/diversification/expansion of the units. Continuing units of 1986 policy have now been allowed exemption from payment of

tax on finished products for an additional period of 2 years. Further, the continuing units of 1980 policy are also now allowed exemption of tax on sale of finished products as admissible to new units.

2. Registration

Every dealer whose annual turnover exceeds Rs.1,00,000 lakh is required to get himself registered. Any dealer whose gross turnover exceeds Rs.10,000 may also apply for registration voluntarily. Besides, provisional registration is available to a dealer who intends to establish a business of manufacturing goods if the sale of finished product is expected to exceed Rs.50,000 within a year.

3. Assessment

Returns: Under the Orissa Sales Tax Act, a dealer is required to submit quarterly returns. The returns are required to be filed for a liability under the Orissa Sales Tax Act within a month from the expiry of each quarter, accompanied by proof of payment of tax. The Commissioner may, however, require any dealer to file monthly return. In addition to the quarterly or monthly return, a dealer has to file an annual return within 30 days of the expiry of the year.

Mode of Assessment: Assessment may be completed without the requirement of production of accounts, etc. if the assessing authority is satisfied about the correctness and completeness of the return. The authority may, if he thinks fit, call for accounts and other evidences from the concerned dealer. Failure to submit these may result in a best judgement assessment. The assessment is concluded on quarterly basis or annually.

Assessment has to be completed within three years. Assessment proceedings can be reopened within a period of five years from the expiry of the relevant year if there has been any under-assessment or escapement of taxable turnover in respect of any registered dealer.

4. Penalty and Prosecution

Penalty: There are a number of provisions prescribing the imposition of penalty for defaults committed under the Orissa Sales Tax Act. Any dealer realising tax without first getting himself registered or a registered dealer charging tax in excess of the due amount, is liable to pay penalty which may be equal to three times the amount of tax realised. Failure of a registered dealer to file any return by the due date without reasonable cause also attracts penalty not exceeding a sum equal to one-tenth per cent of tax or Rs.10, whichever is higher, for each day of default. Penalty is also leviable in cases in which any tax has escaped due to omission or failure on the part of a dealer.

Prosecution: Section 25, of the Orissa Sales Tax Act enumerates various offences which are punishable with fine or with imprisonment or with both.

Business carried on by a person who has not got himself registered though he is liable to pay tax, is punishable with imprisonment upto six months. Imprisonment upto two years or fine or both have been prescribed for submission of incorrect accounts or documents. Filing of false return or failure to file return are offences punishable with imprisonment for six months or with fine. The Commissioner has power to compound offences against receipt of composition money, which in most cases does not exceed Rs.3,000.

5. Administrative Organisation

The Commissioner of Sales Tax is the Head of the Department. He is assisted by Additional Commissioners, Assistant Commissioners, Sales Tax Officers and Inspectors. In Orissa, the Commissioner has also to administer the Orissa Entertainment Tax Act, 1946 in addition to the Orissa Sales Tax Act and the Central Sales Tax Act. The headquarters also includes a taxation, research and statistical wing which deals with the statistical information relating to the department.

The State has been divided into three administrative zones, namely, north, south and central. Each zone has been placed under the charge of one Additional Commissioner who assists the Commissioner in discharging his duties. A zone comprises of a number of ranges, each range being administered by an Assistant Commissioner of Sales Tax. There are in all nine ranges in the State. The Assistant Commissioner also hears appeals against orders of assessment passed by the STOs and is in overall charge of the sales tax administration of the range including collection of tax.

A range is divided into a number of circles, which are the primary administrative units of the Department. Each of this is under the charge of an STO, CTO. There are 27 commercial tax circles in the State. The Commercial Tax Officer is in charge of the overall administration of the circle including the collection of tax. He also exercises powers as STO vested in him under the Statute and undertakes assessment of dealers in addition to looking after ancillary matters. Each circle consists of a number of wards which are under the charge of Additional Commercial Tax Officers. A ward normally contains about 200 dealers.

The State has three Intelligence Ranges, each of which is headed by an Assistant Commissioner (Intelligence). There are three intelligence circles and nine investigation units functioning under the administrative control of the intelligence range. A mobile squad consisting of one Additional Commercial Tax Officer and one Inspector is attached to each range. There are 38 checkpoints including 12 unified checkpoints (involving some other departments also) along the State border.

6. Appeal/Revision

The dealer, aggrieved by the order of assessment, penalty or interest may appeal against such order to the Assistant Commissioner of Sales Tax. But against the first appeal order either the State or the dealer may go for a second appeal before the Sales Tax Tribunal. However, on matters not related to assessment, penalty or interest, a revision petition may be filed before the Commissioner of Sales Tax.

7. Checkposts

Checkposts are manned by one or more STOs along with other auxiliary staff. Goods are intercepted at the checkposts for scrutiny of dealers' declarations (in the prescribed form), challan, bills and other relevant documents. If these are not found satisfactory, the Sales Tax Officer is empowered to collect tax on the goods, after allowing due opportunity to the concerned person.

PUNJAB

In Punjab, the general sales tax was first introduced through the Punjab General Sales Tax Act, 1941. It was a multi-point tax applicable to dealers whose turnover exceeded Rs.10,000. The Act was replaced by the Punjab General Sales Tax Act, 1948 which, along with the Central Sales Tax Act, 1956, and the Punjab Motor Spirit (Taxation of Sales) Act, 1939, governs sales tax administration in the State.

1. Structure

Tax is payable by every dealer whose annual gross turnover is Rs.1 lakh or more. For manufacturers and for those running restaurants, the limit is Rs.40,000. This limit does not apply to the importers.

Point of Levy: Sales tax in Punjab is a single-point levy, confined, as a general rule, to the last stage of sale. Where goods are liable to purchase tax, it is levied at the last purchase point. However, the State Government has power to authorise by the issue of a special notification the levy of tax on any goods at the first stage of sale. At present, 37 commodities are taxed at the first sale point, and include vegetable ghee, cement, bricks, motor vehicles, etc.

Rate Structure: The rates vary from 1 per cent to 10 per cent. The maximum rate of 10 per cent applies to goods used by upper classes, including arms and ammunition, motor vehicles, aerated water, watches and clocks, etc. The minimum rate of 1 per cent is applicable to certain electronic goods and new industrial units. Bullion and specie, indigenous tractors, cotton thread, pesticides and a few others are taxed at 2 per cent. Other rates are 4, 5 and 7 per cent. The general rate is 7 per cent applicable to non-specified items.

Purchase tax is levied at only two rates, viz., 7 per cent and 4 per cent. Bhabbar, kahi and chillies are taxed at 7 per cent while the remaining items such as oilseeds, paddy, rice, etc., are taxed at 4 per cent. No tax is levied on industrial inputs subject to the condition that the furnished goods would be sold within the State or sold outside the state in the course of inter-state trade or commerce or exported out of the territory of India.

Additional Tax: Every dealer liable to pay tax has also to pay additional sales tax equal to 10 per cent of the tax payable. This is not chargeable in respect of declared goods.

Purchase Tax: Goods enumerated in Schedule 'C' of the Act are subject to the levy of purchase tax. Cotton, oil seeds, rice, wheat, paddy etc. come under this category. Apart from these goods purchase tax is also imposed under certain conditions.

A dealer purchasing goods from within the State is liable to pay tax on the purchase thereof if he (1) uses these goods within the State for manufacture of tax-free goods or (2) uses these goods in the manufacture of taxable goods but sends the manufactured goods outside the State in any manner other than by way of sale in the course of inter-State trade or commerce or in the course of export out of the territory of India or (3) uses such goods for a purpose other than that of resale within the State or sale in the course of inter-State trade or commerce or (4) sends them outside the State, other than by way of sale in the course of inter-State trade or commerce or in the course of export out of the territory of India, and no-tax is payable on the purchase of such goods under any other provision of the Act.

Works Contract, Leases, Hire-purchases: The definition of the term 'dealer' was amended to include a person engaged in the business of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract. The definitions of the terms 'goods', 'sale' and 'purchase' has also been amended on the same lines. Thus levy of sales tax on works contracts is envisaged in the Act. The rate of tax is notified for different types of goods. Similarly goods transferred under

hire-purchase or under any other instalment system and transfer of right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration is also liable to levy of sales tax.

Exemptions: Schedule B specifies 94 tax exempted goods. As in other States, these include goods of mass consumption such as eggs, fresh fruits, textiles, exercise books, etc., and a large number of other goods such as agricultural implements, solar cookers and go-bar gas plants. Besides, there is provision for conditional exemption, for instance in the case of photographic goods including X-ray photos when sold by a photographer, handspun yarn when sold by one who deals in it exclusively, and country-made shoes when sold directly by the shoemakers.

Treatment of Inputs: The raw material used in the manufacture of goods which are sold (i) within the states (ii) in the course of inter-state sales (iii) exported out of the country is not taxed separately. Only finished goods are taxable. However, the goods used in the manufacture of tax free commodities is brought to tax on the purchase value of such goods used in the manufacture.

Incentives to Industries: New Industries situated in zones A, B, C (which are classified according to their development) are allowed to pay tax on their sales at a concessional rate of one per cent. The percentage of fixed capital investment for SSI, large and medium scale Industrial units vary from Rs.50 to 100 lakh. Incentives in the form of exemption/deferment of sales tax is given to the electronic industry.

2. Registration

All dealers liable to pay tax have a statutory obligation to get themselves registered under the Act. The law also provides for voluntary registration by other dealers whose gross turnover during a year exceeds Rs.15,000 although they are not liable to pay tax.

3. Assessment

Returns: Every dealer is required to furnish annual or quarterly returns in the prescribed form. A dealer may have to file an annual return if he deals exclusively in goods liable to tax at the first stage of sale or if he is a dealer whose annual turnover does not exceed Rs.2 lakh. These returns have to be filed, along with proof of payment of tax, within 30 days of the end of the quarter. The assessing authority can prescribe monthly returns for a dealer who would otherwise be required to furnish quarterly returns for reasons to be recorded by him in writing. A monthly return has to be filed by such date within the following month as may be specified in the registration certificate of the dealer.

Mode of Assessment: Assessments are completed on an annual basis. Subject to the satisfaction of the assessing authority, tax is assessed without calling for accounts, etc. Where a dealer, after having filed the return, fails to produce evidence in compliance with statutory notice, the assessing authority may proceed to assess the tax to the best of his judgement. Such assessment has to be completed within a period of five years from the expiry of the year to which the tax relates. The assessing authority also has the power to reassess the tax within five years from the expiry of the year to which the tax relates.

Summary Assessment: To reduce pendency of assessment cases, a scheme was introduced in 1987 for making summary assessments. Under this scheme the assessing authority is required to complete the assessment and levy tax as per return filed without requiring the dealer to produce books of account etc. The scheme is applicable in all cases where the gross turnover for any year ending on 31.3.86 or before did not exceed Rs.2 lakh.

4. Penalty

If a dealer fails to pay the amount of tax due from him under the Act in accordance with the return submitted by him, the assessing authority may, after giving an opportunity, levy a penalty not exceeding 1.5 times but not less than 10 per cent of the amount of assessed tax. Maintaining incorrect accounts with a view to suppress the turnover, etc. also attracts a penalty, which cannot exceed 1.5 times but is not less than 25 per cent of the amount of tax assessed.

Besides, the Act provides for the imposition of a penalty not exceeding Rs.2,000 on any person who contravenes or fails to comply with any provisions of the Act or the rules if no other penalty is provided under the Act. In the event of continuing default, a penalty not exceeding Rs.50 per day of continued default may be imposed.

5. Administrative Organisation

The department is headed by the Excise and Taxation Commissioner, who is usually an IAS officer in super-time scale. He is assisted at the Headquarters by four Joint Excise and Taxation Commissioners who look after work relating to sales tax, excise, inspection and administration, respectively. There is also an enforcement wing at the headquarters, administered by a Deputy Excise and Taxation Commissioner.

There are three divisions, each controlled by a Deputy Excise and Taxation Commissioner (Admn.). The head of every district is an Assistant Excise and Taxation Commissioner, who has a number of Excise and Taxation Officers under him. They perform the functions of assessing authorities in respect of the wards under their jurisdiction. The Excise and Taxation Officers are assisted by Excise and Taxation Inspectors.

An Appeal against the order of the assessing authorities lies to the Deputy Excise and Taxation Commissioner (Appeals) who are posted at each of the divisional headquarters. The second appeal lies before the Tribunal.

6. Appeals/Revision

Appeals against the assessment orders passed by an officer below the rank of Deputy Excise and Taxation Commissioner, and Commissioner lies to the Deputy Excise and Taxation Commissioner, the Commissioner and the Tribunal respectively.

An appeal order passed by Deputy Excise and Taxation Commissioner or by the Commissioner are further appealable to the Tribunal. The Commissioner has powers of suo moto revision of the records where the proceedings are pending or disposed of by any subordinate officer.

Mistakes apparent from the orders passed by the Commissioner or Tribunal can be rectified within two years from the date of any order by the Commissioner and Tribunal respectively.

7. Checkposts

The administrative field formation also includes 18 checkposts in the State. All vehicles entering or leaving the State have to furnish a declaration in the prescribed form giving the details of the goods carried by them. These details are forwarded to the assessing officers in the field for further necessary enquiries.

Officers in charge of the checkposts are empowered to inspect any goods which are being transported through any barrier/checkpost. If any discrepancy is found between the goods being transported and those shown in the documents produced the goods are detained and the officer-in-charge of the checkpost gives an opportunity to the owner of goods of being heard and if he finds that tax evasion was attempted, he

imposes a penalty not exceeding rupee one thousand or twenty per cent of the value of goods whichever is higher. If the penalty is not paid within 20 days from the date of the order the goods detained are liable to be sold by public auction for realisation of the penalty.

PONDICHERRY

The Pondicherry General Sales Tax Act was introduced in 1966 for the first time and was reintroduced in 1967 with effect from 1.4.1966. Sales Tax in Pondicherry is administered by the Pondicherry General Sales Tax Act 1967 and Central Sales Tax Act 1956.

1. Structure

Every dealer whose total turnover is not less than Rs.1 lakh per annum and any casual trader irrespective of his turnover is liable to pay tax.

Point of Levy: Pondicherry has adopted a single point taxation system. The goods mentioned in Schedules I and II are liable to tax at the point of sale or purchase irrespective of the turnover and the goods included are typewriters, electronic systems, clocks, motor cars, etc.

Rate Structure: Schedule I and II enumerate the goods taxable at either first sale or last purchase point. There are around 71 items in Schedule I and the rate of tax ranges from 1 per cent to 20 per cent. Bullion specie, cotton waste, copper at the rate of 1 per cent, sound transmitting equipments etc. at the rate of 12 per cent, molasses at the rate of 15 per cent and so on. The commodities which are not mentioned in any of the schedules are taxable at 3.5 per cent on their first sale in Pondicherry, with effect from 1.11.1990.

Exemptions: The commodities mentioned in Schedule III are exempted.

Taxation of Inputs: The inputs such as raw materials and machinery sold by the Raw Materials Depot set up by the National Small Industries Corporation to the Small Scale Industries for the purpose of manufacture are exempted and the tax payable in respect of components sold to a manufacturer is at the rate of 1.5 per cent.

Incentives to Industries: Sales of goods manufactured by registered small scale industries and other industries located in Pondicherry and Yanam are eligible for exemption both under Pondicherry GST Act and CST Act for a period of 5 years from the date of commencement of the production; to the extent of 50 per cent on the sales of the products of small scale industries under CST Act for a further period of 7 years and thereafter 25 per cent concession for a further period of 7 years. The concessional rate of 50 per cent and 25 per cent are available after completion of first 5 years only under CST Act 1956 and under local Act the total exemption alone is eligible for a period of five years from the date of commencement of production. In respect of industries located in Karaikal and Mahe full exemption both under the Pondicherry General Sales Tax Act and CST Acts for a period of ten years from the date of commencement of production. Thereafter 50 per cent concession for a period of seven years and 25 per cent concession for another seven years are eligible in respect of the sale of SSI products. In lieu of 50 per cent and 25 per cent concession, Sales Tax at 1 per cent only as payable in respect of the interstate sale of goods manufactured by the Small Scale Industries located at Pondicherry and Yanam for a period of four years from the date of completion of the first five years from the date of commencement of production and for nine years in respect of the small scale industries located in Karaikal and Mahe from the completion of first ten years from the commencement of production provided the required declarations in joint C or D or a declaration in prescribed form provided is produced.

2. Registration

Every dealer whose total turnover is not less than Rs.1 lakh needs to get registered. However, the dealers dealing in the goods mentioned in Schedules I and II, and the casual dealers are liable for registration irrespective of their turnover.

3. Assessment

Returns: Every dealer, except the casual dealer whose estimated total turnover is not less than Rs.30,000 should within 30 days from the commencement of the business file the return showing the estimated turnover and the dealers dealing in goods mentioned in Schedules I and II of the Act should submit a return within 30 days from the commencement of the business irrespective of the turnover. Dealers opting to pay tax under Rule 18 should submit a monthly return by 20th of succeeding month.

Every dealer should on or before 1st day of May in every year submit a return showing his total and taxable turnover during the preceding year.

Mode of Assessment: Final assessments are completed normally on an annual basis. If the returns filed are found to be satisfactory, the assessment is concluded by accepting the same. If any irregularities are noticed, then the order is passed to the best of assessing authority's judgement.

There is a separate Intelligence wing consisting of Joint Commercial Tax Officer, Deputy Commercial Tax Officer and two Assistant Commercial Tax Officers who check the lorry booking offices, railway parcel booking office and local dealers for collecting information about the transactions. They also have powers to inspect the premises of dealers and lorries to check evasion.

RAJASTHAN

The Rajasthan Sales Tax Act was enacted in 1954. Levy of sales tax in the State is through Rajasthan Sales Tax Act and Central Sales Tax Act.

Other enactments administered are:

- a. The Rajasthan Entertainment and Advertisement Tax Act 1957.
- b. The Rajasthan Electricity Duty Act.
- c. The Rajasthan Tax on Entry of motor vehicles into local areas act 1988.
- d. The Rajasthan video films (regulation of exhibition) Act 1990.

1. Structure

Every dealer whose total turnover in a year is Rs. one lakh with the taxable turnover of Rs.10,000 in the previous year and importers, manufacturers and co-operative societies with a turnover of Rs.50,000 and Rs.70,000 respectively with a taxable turnover of Rs.5,000 in the previous year become liable to pay tax, if their taxable turnover exceeds Rs.5,000.

Point of Levy: Rajasthan has a single point levy, levied at the point of first sale. However, manufacturers have the option to shift the tax liability on the second point.

Rate Structure: List I gives the details of the goods taxable at different rates ranging from 2 per cent to 30 per cent under roughly 30 groups. While List II gives out conditional exemptions the Schedule gives the details of goods exempted from tax on their purchases and sales. List III enlists the goods specified for casual traders and list

IV declared goods, liquor, goods taxable at last purchase point preceding export and the goods taxable at multipoint. Annexure I to List I gives the electronic goods taxable at 4 per cent.

Purchase Tax: Every dealer who purchases goods other than exempted goods in the circumstances in which no tax under the State Act is payable on the sale price of such goods is liable to pay tax on the purchase price of such goods at the same rate at which it would have been leviable on the sale price of such goods.

Works Contract: Works Contract Act was introduced in 1987-88 and tax is levied on works contracts relating to immovable and moveable properties, installation and fitting out.

Leasing: Transfer of right to use goods is liable to tax. The rate of tax ranges from 6 per cent to 10 per cent in respect of 6 categories of specified goods, including video cassettes, video cassette recorders, air-conditioning equipment, all types of tents with their accessories, etc. However, to begin with a lumpsum yearly fee of Rs.2,500 and Rs.500 is levied on owners of tent houses depending upon their being income tax payers or not.

Exemptions: Schedule II and List II give the list of exempted goods like fruits, handlooms and such other goods of mass consumption and certain specific exemptions.

Taxation of Inputs: Raw materials purchased for the manufacture of goods other than taxable goods for sale within the State or outside the State are taxable at a concessional rate of 3 per cent.

Incentives to Industries: In Rajasthan, incentives to industries are by way of exemption upto 90 per cent, 75 per cent, to very prestigious, prestigious, small/medium and large scale Industries for 9 to 11 years, 7 to 9 years and 5 to 7 years respectively. Further, there is concessional rate of 3 per cent on the purchase of raw material. Sale of

machinery for setting up industry in Rajasthan in respect of cement, tobacco, sugar, electronics, food processing industries and local mineral based industries are also exempt from tax.

2. Registration

For registration of a dealer under the Act, the minimum turnover in the previous year should be as under:

- | | |
|--|--------------|
| a. Importers | Rs. 50,000 ✓ |
| b. Manufacturer other than manufacturer of cooked food excluding bakery products | Rs. 50,000 |
| c. Co-operative Societies | Rs. 70,000 |
| d. Dealer not falling in (a), (b) and (c) provided that his taxable turnover exceeds Rs.10,000 in the previous year. | Rs. 1,00,000 |
| e. Tax liability in respect of restaurants, halwais, dhabas and other eating establishment, etc. | Rs. 2,00,000 |

3. Assessment

Returns: A dealer is required to file quarterly returns not later than 30 days for first three quarters and not later than 60 days for the last quarter, before the assessing authority. However, a dealer whose taxable turnover does not exceed 1/10th of his turnover may obtain permission from the assessing authority to file annual returns. Further dealers dealing exclusively in exempted or tax suffered goods and whose annual turnover in the preceding accounting year does not exceed Rs.15 lakh are not

required to file returns. Provisional assessment could be made in respect of the dealers failing to file return and also in cases where the assessing authority has the reason to believe that the dealer has evaded tax.

Mode of Assessment: Assessments are concluded annually on the basis of the returns filed for all the periods. If the returns are not filed by the dealer or if the same are found to be incorrect or incomplete, the assessment may be concluded to the best of assessing authority's judgement and accept the return if it is found to be correct.

Self Assessment Scheme: A new self assessment scheme was introduced in the State in the year 1989-90. Under this scheme assessment of dealers with a turnover not exceeding Rs.10 lakh but the taxable turnover of such dealer exceeding by at least 15 per cent over previous year is finalised on the basis of returns filed by dealer.

The Act has laid down a limitation of 3 years for regular assessments to be completed. In case of escaped assessments, such limitation is 8 years. However, the Commissioner has powers to extend the limit by six months in case of regular assessments.

4. Penalty There are provisions not only for penalty but also for simple imprisonment after due prosecution in case of certain offences like non-payment of due demand, fraudulently evading the payment of tax, preventing or obstructing inspection, etc.

Interest and Penalty: Every dealer who is liable to pay tax by a particular date but fails to do so is liable to pay interest at the rate of 2 per cent every month.

There are a number of provisions providing for penalties to be imposed on dealer for contravention of the provisions of law. For avoidance and evasion of tax, a dealer may be penalised with an amount of penalty not exceeding twice the quantum of tax avoided or evaded. A dealer can be prosecuted also for certain offenses.

5. Administrative Organisation

Commissioner	Commissioner, Commercial Taxes, Rajasthan, Jaipur is the Head of the Department. The post is of supertime scale IAS.
Additional Commissioner	He is an IAS officer of senior scale responsible for general tax, legal, writs and revision works. He has judicial powers also.
Additional Commissioner (Anti-evasion)	He is a senior scale IAS officer responsible for anti-evasion activities of the department. All flying squads work under his supervision.
Additional Commissioner (Admn)	He is a supertime scale State Administrative Service officer who performs duties in respect of administrative works, payment, stores etc.
6 Deputy Commissioners (Admn)	The territory has been divided into 6 zones each headed by a Deputy Commissioner (Adm.).
Other Deputy Commissioners: Anti-evasion 4, Appeals-6, Tax-1, Legal-1, Revision-2	There are 5 posts of Deputy Commissioner (Anti-Evasion), one of which is at the Headquarters and the others at Jaipur, Udaipur, Kota & Bikaner. Deputy Commissioners (Appeals) do appellate work. The remaining three posts are Deputy Commissioner (Tax), Dy. Commissioner (Legal) and Dy. Commissioner (Revision), respectively.
Chief Accounts Officer	There is one post of Chief Accounts Officer in the department. He is a State Accounts Services Officer, responsible for audit objections, collection of revenue figures, internal checkpoints, accounts work, budget allotments, etc. 3 AOs and 13 AAOs work under him.
Joint Director (Statistics)	One post of Joint Director (Statistics) of the State Statistics Service is assigned at this department.
Commercial Taxes Officers, Commercial Tax Officers (HQ).	There are 68 Commercial Taxes Officers. The CTOs of the circles have administrative as well

& Assistant Commercial Tax	as quasi-judicial Officers powers under the Act. 58 CTOs are assessing authorities who are heads of the circles, while the remaining 10 CTOs are posted in Anti-evasion, Revision, etc. 283 Asstt. Commercial Taxes Officers work in the department. They have wards which are constituents of circles.
Commercial Taxes Inspectors	There are 329 Commercial Taxes Inspectors working in the department to assist the circle/ward Officers.
Checkposts	About 75 border checkposts have been set up by the department. These are established with the purpose of checking tax evasion. There are internal checkposts which collect purchase tax and check evasion of tax in inter-state movement of goods.
Flying Squads	Each zone has a flying squad while there are 2 Central flying squads at the Headquarters. The Officer in charge of the flying squad is an Assistant Commercial Taxes Officer who is assisted by a Commercial Taxes Inspector. The flying squads are involved mainly in transport checking, border patrolling and surveillance of the checkposts. In all, there are 12 flying squads.

6. Appeals

An appeal under RST Act against the order of an assessing authority or officer-in-charge of checkpost can be filed before the appellate authority. Further appeal lies to the Sales Tax Tribunal.

Revision lies to the High Court against an order of the Sales Tax Tribunal.

If the order of an assessing authority is found to be erroneous and prejudicial to the interests of State revenue, the Commissioner has been empowered to revise such order suo moto.

7. Checkposts

The Commissioner can establish a checkpost for a period not exceeding six months to collect documents relating to movement of good, to collect tax on casual commodities, purchase price of animals immediately preceding their export outside the State of Rajasthan. The State Government is empowered to establish a permanent checkpost for any period. The total number of checkposts as on 1.12.1990 was 161 out of which 89 were permanent and 72 were temporary and they are border as well as internal checkposts (Border-96 and Internal-65). Recently an amendment was brought in for establishment of checkposts on contract basis. A provision for system of transit pass to be given at different checkposts, is introduced.

SIKKIM

The Sales Tax was introduced in the State of Sikkim in 1948. Till the merger with the Union of India in 1974, Sikkim was treated as a buffer State. The Sikkim Sales Tax Act was enforced with effect from 12.5.1983. The sales tax is administered in Sikkim by the Sikkim Sales Tax Act 1983 and the CST Act 1956.

1. Structure

All dealers with a turnover of Rs.10,000, importers and manufacturers are liable to pay tax.

Point of Levy: Sales tax in the state is leviable only at a single point in a series of sales, generally at the last point when the goods are sold by a registered dealer to a consumer or to any other dealer not registered under the Act.

Rate Structure: Under the Sales Tax Law which was in force prior to May 1983, the tax was levied at a uniform rate of 5 per cent on all goods and at 5 paise per litre on petrol. The Sikkim Sales Tax Act 1983, brought into force w.e.f. 12.5.1983, prescribes 3 rates of taxes viz. 10 per cent on certain luxury goods listed in Schedule II of the Act, 4 per cent on declared goods and 6 per cent on all other goods. Certain goods are exempted from the levy of the tax under the Act by the Act itself and these are listed in Schedule I of the Act.

Exemptions: Schedule I lists goods that are generally exempted from tax i.e. cereals, pulses, flour, bread, fish, vegetables, salt, milk etc. which are goods of mass consumption.

Incentives to Industries: All industrial units which are defined by the Government of India as small scale industrial undertakings set-up in the State of Sikkim are exempt from payment of Sikkim sales tax for a period of five years from the date the industrial units enter into production.

2. Registration

No turnover has been fixed for the registration of dealers under the provisions of the Act. The dealer who purchases from local wholesale dealer and whose turnover does not exceed Rs.50,000 per annum is exempt from registering himself under the Sikkim Sales Tax Act. However, the dealers purchasing goods from outside the State for sales in Sikkim are required to register themselves under the Sikkim Sales Tax Act irrespective of their turnover.

3. Assessment

Returns: Every liable dealer should furnish returns every quarter showing the total and taxable turnovers.

Mode of Assessment: Ordinarily assessments are concluded annually after verifying the books of accounts produced by the assessee.

Rebate: A rebate at the rate of one per cent of the amount of tax paid by the dealer within the time prescribed, is granted.

4. Prosecution and Penalty

An offending dealer under the Sikkim Sales Tax Act, is punishable with imprisonment upto one year or with a fine to the extent of Rs.10,000 or both; and if the offence is a continuing one, with a daily fine of rupees one hundred during the period of continuance of the offence.

5. Administrative Organisation

Administration of the sales tax is directly under the finance department and the Secretary, Finance is the head of the department assisted by one Joint Commissioner, one Deputy Commissioner, two Assistant Commissioners and Inspectors. It is administered from its head office situated at Gangtok.

6. Appeals

A dealer can appeal to the appellate authority against any order passed by the assessing authority, within 45 days from the date of order. The second appeal lies to the Appellate body.

7. Checkposts

As empowered under the provisions of the Sikkim Sales Tax Act, checkposts have been set-up for the purpose of checking evasion.

TAMILNADU

Tamil Nadu (the erstwhile State of Madras) was the first State in India which introduced Sales Tax in 1939. The 1939 Act was repealed and replaced by the Tamil Nadu General Sales Tax Act, 1959 with effect from 1.4.1959.

At present, the following enactments for the levy of sales tax are in force in the State.

- A. Tamil Nadu General Sales Tax Act, 1959.
- B. Tamil Nadu Additional Sales Tax Act, 1970.
- C. Tamil Nadu Sales Tax (surcharge) Act, 1971.
- D. Central Sales Tax Act, 1956.

A. TAMIL NADU GENERAL SALES TAX ACT, 1959

1. Structure

Every dealer whose turnover for any year is Rs.1 lakh or more becomes liable to pay tax. However, dealers in goods subject to single-point tax are required to pay tax irrespective of turnover.

Point of Levy: General Sales Tax was collected either as a single point or as a multipoint levy upto 30.3.1990. From 1.4.1990, it has been made a single point levy. Schedules I and II of the Act list out the commodities covered under single point while Schedule II lists out the declared goods which are essential for human consumption viz. cereals, oil seeds, iron and steel etc., Schedule I lists out all other articles that are subjected to single point levy. The number of commodities covered under Schedule I is 207 as on 1.4.92. Single point tax rate ranges from 1 per cent to 50 per cent of the turnover of such goods. Goods listed out in Schedule III are exempted from tax.

Rate Structure: Schedule I lists the 196 commodities subject to single-point tax, at rates specified in column 4. The minimum rate is 2 per cent, applicable to a few more commodities including raw wool. The maximum rate (excluding liquor) of 15 per cent applies to luxury goods such as refrigerators, VCRs, iron and steel safes, etc. Molasses is liable to tax at 25 per cent and arishtams and asavas are taxable at 30 per cent. Foreign liquor is taxed at 50 per cent. IMFL and country liquor are taxed at 25 per cent. Other rates in use are 2, 3, 3.5, 4, 5, 6, 8, 10 and 12 per cent.

Schedule II deals with goods declared to be of special importance in inter-State trade and commerce. Most commodities in this Schedule are taxed at 3 and 4 per cent on single-point basis.

Uniform single-point rate of 8 per cent is leviable on non-specified general goods except those goods on which the taxes are either reduced or exempted through notification or by including them in Schedule I.

Purchase Tax: Purchase tax is levied only under certain circumstances with a view to preventing loss of revenue. When a dealer purchases taxable goods to be used in the manufacture of other goods but disposes of the manufactured goods in a manner other than by way of sale within the State or despatches them to a place outside the State except as a direct result of sale in the course of inter-State trade or commerce, with the result that no sales tax is payable by him, he is liable to pay tax on the purchase of such goods.

Works Contract: Works contract in Tamil Nadu is taxable since 29.5.1984. Any dealer executing works contract with a turnover of Rs.50,000 is liable to pay tax on works contracts. Sales Tax on works contract ranges between 5 per cent to 15 per cent and 21 items of contract works are covered therein which include works contracts of painting and polishing.

Leasing: A transfer of right to use any goods for any purpose for cash, deferred payment or other valuable consideration is taxable under the TNGST Act. Tax is levied on the aggregate amount received or receivable.

Exemptions: Tax exempted goods, listed in Schedule III, include tobacco, sugar, cotton and woollen fabrics, handloom cloth and a few other commodities. Besides, conditional exemption, effected through special notifications, is accorded to the sale/purchase of a number of goods by certain persons or institutions. Sales of food and drinks by hostels and canteens run exclusively for the benefit of students of recognised educational institutions in the State, sales by Defence Services installations which are managed by the units themselves, sales by cooperative wholesale stores to primary cooperative stores in the State are included for such exemption. Sales of hearing aids, ambar charkhas, etc. are also exempt from tax.

Taxation of Inputs: Sale of raw material and component parts specified in Schedule I, meant to be used by the buying dealer in the manufacture of goods (specified in the same schedule) is taxable at the concessional rate of 3 per cent. on furnishing the requisite declaration in the prescribed form. If the raw materials and component parts so purchased are not consumed in the manufacture and sold as such, the dealer purchasing the goods in respect of which he had furnished declaration should pay the difference of tax payable on the turnover relating to sale of such goods at the rate prescribed and 3 per cent.

Incentives to Industries: New industries are granted an interest free loan for a period of 3 to 6 years depending on the type of the industry whether SSI, large or medium scale to the 20 to 25 per cent of the fixed assets of the industries. Deferment in tax payable is granted to any industry having an investment of not less than Rs.50 crore but below Rs. 100 crores for a period of 10 years.

2. Registration

Dealers whose turnover of general goods is Rs.75,000 or more are under a statutory obligation to register. Persons dealing in goods enumerated in Schedules I and II, dealers registered under the CST Act, commission agents and casual traders have to get themselves registered irrespective of the quantum of their total turnover.

For dealers carrying on works contract/transfer of right to use the property, turnover limit to register is Rs.40,000.

3. Assessment

Returns: Returns showing actual turnover are required to be filed on a monthly basis along with the proof of payment of tax by the 20th of the following month. An annual return showing the total taxable annual turnover of the year has to be filed by the first of May.

Mode of Assessment: Assessments are made annually. The law provides for the completion of both provisional and final assessments. Provisional assessment is made in the course of the year and is in the nature of advance assessment based on estimated turnover. Final assessment is made on the basis of a dealer's return which is filed in the prescribed form. If, however, no return is filed by a dealer or the return filed is found to be incomplete or incorrect, the assessment is made on the basis of best judgement. Such an assessment can also be made if any part of the turnover is found to have escaped assessment. However, this can be done within five years of the expiry of the year to which the tax relates.

Deemed assessment system is proposed to be replaced by a new self assessment system. Any trader with an annual turnover of less than Rs.5 lakh and who has a clear record with no infringements and who does not use specified saleable form, to make a self assessment return which will be accepted by the authorities.

4. Penalty and Prosecution

Penalties: The TNGST Act provides for the levy of penalty for various defaults committed by dealers or other persons.

If a dealer does not fully disclose his turnover, penalty not less than 50 per cent, but not exceeding 150 per cent of the tax payable on the undisclosed portion of the turnover, may be levied after giving due opportunity to the dealer. Failure to file return also attracts penalty which may not be less than 50 per cent and not exceeding 150 per cent of the assessed tax. Late filing of return also attracts penalty calculated at the rate of 2 per cent of tax for each month of default. Penalty is also leviable for filing incorrect return and for collecting tax in contravention of the provisions of the Act.

Prosecution: Certain offences are also punishable with fine or imprisonment on conviction, as mentioned hereunder:

<i>Offence</i>	<i>Punishment</i>
i. Failure to file return as per law.	Fine upto Rs.200.
ii. Failure to get certificate of registration under the Act.	Fine upto Rs.200.
iii. Collection of tax in contravention of the provision of the Act.	Fine upto Rs.500.
iv. Wilful submission of an untrue return.	Fine upto Rs.2000.
v. Fraudulent evasion of tax.	Simple imprisonment upto six months.
vi. Wilful contravention of any provisions of the Act.	-do-

- vii. Failure to keep or maintain accounts. -do-
- viii. Failure to make use of goods according to declaration made at the time of purchase. -do-

B. TAMIL NADU ADDITIONAL SALES TAX ACT, 1970

This Act came into force from 1.4.1970 and the rate of additional tax applicable presently is as given below:

Turnover	Rate of Additional Tax
1. Between Rs.10 lakh and Rs.40 lakh	1.25 per cent
2. Between Rs.40 lakh and Rs.1 crore	1.50 per cent
3. Between Rs.1 crore and Rs.5 crore	2 per cent
4. Between Rs.5 crore and Rs.10 crore	2.25 per cent
5. Exceeding Rs.10 crore	2.50 per cent

This tax cannot be passed on to the buyers and should be paid by the Assesseees.

C. THE TAMIL NADU SALES TAX (SURCHARGE) ACT, 1971

Under the provisions of the Tamil Nadu Sales Tax (Surcharge) Act 1971, surcharge on sales tax is levied on traders carrying on business at the rate of 15 per cent. An additional surcharge of 5 per cent is levied in the Madras area.

Further with effect from 10.6.1981, additional surcharge of the tax is payable on the goods sold in the corporation of Madras.

5. Administrative Organisation

The overall administrative control is exercised by the Special Commissioner and Commissioner of Commercial Taxes. The entire State has been divided into nine divisions, each headed by a Deputy Commissioner. In all, there are 33 Commercial Tax Districts each of which is under the administrative control of an Assistant Commissioner. The Department has been divided into three wings, viz., assessment wing, appellate wing and enforcement wing.

The assessment wing has 298 assessment circles headed by Assistant Commissioners, Commercial Tax Officers and Deputy Commercial Tax Officers. The Assistant Commercial Tax Officer or Additional Assistant Commercial Tax Officer can exercise the power of assessment of the dealers whose total turnover does not exceed Rs.21 lakh and in respect of dealers whose total turnover exceeds Rs.2 lakh but does not exceed Rs.5 lakh involving a tax liability of Rs.3,000.

The Appellate Wing consists of 17 Appellate Assistant Commissioners and a Tribunal at Madras with three additional benches at Madras, Madurai and Coimbatore.

The enforcement wing, consisting of inspection squads, Roving squads and checkpoints, detects evasion and suppression of information. This wing is administered by a Deputy Commissioner.

6. Appeals/Revision

The first appeal against the assessment order by the assessing authorities other than Assistant Commissioners lies to the Appellate Assistant Commissioners. An appeal against the assessment orders passed by the Assistant Commissioner lies to the Deputy Commissioners.

Revision: The Deputy Commissioner or the Joint Commissioner of Commercial Taxes have powers of suo moto revision of assessment orders passed by the assessing authorities or the appellate authorities. Board of Revenue is vested with powers of revision of order passed u/s 33(3) of the Act (an order for which an appeal is not provided) by the Deputy. Commissioner of Commercial Taxes.

Appellate Tribunal: The second appeal on the order passed by the Appellate Assistant Commissioners and the Deputy Commissioners lies to the Tribunal.

Any person objecting to an SMR order passed by the Joint Commissioner may appeal to the High Court Madras.

7. Checkposts

Checkposts have been set up at vital points. They are manned by Commercial Tax Officers and Assistant Commercial Tax Officers, assisted by Inspectors and other auxiliary staff. As in other States, goods vehicles are intercepted at checkposts to verify the goods against the required documents. Any default may result in penal action against both the vehicle owner and the importer.

TRIPURA

Tripura, a princely State, was merged with Indian Union on 15-10-1949 with the status of a Union Territory. With effect from 21-1-1971 Tripura became a full-fledged State.

Sales tax was introduced in the State by the enactment of Tripura Sales Tax Act, 1976 with effect from 1-7-1976. Tripura Sales Tax Rules, 1976 come into force from 30-8-1976. Apart from the Tripura Sales Tax Act, 1976 and the Central Sales Tax Act, 1956 there is no other law in force in the State for the levy and collection of sales tax.

Tripura Sales Tax Act, 1976

1. Structure

Tax is levied on sales of certain commodities mentioned in the schedule which are either manufactured, made, processed in Tripura or imported into Tripura from outside Tripura. There is no minimum turnover limit prescribed to attract tax liability. Every person dealing in taxable goods becomes liable to pay tax. Single point tax at the point of first sale is being levied in Tripura.

As a result of 46th amendment of the Constitution works contract, transfer of right to use taxable goods for any purpose, goods transferred on hire-purchase etc. were also brought within the ambit of taxation.

Point of Levy: Tripura Sales Tax Act provides for single point tax at the first point of sale in the State.

Rate Structure: The present rate structure as per schedule of the Act varies from minimum of 3 per cent leviable on drugs and medicines to 25 per cent applicable to aviation turbine fuel. The transfer of the right to use taxable goods is taxed at 4 per cent. Goods transferred in the execution of works contract are taxed at the rates given in the schedule. Luxury goods such as refrigerators and cosmetics are taxed at 15 per cent.

Additional Tax: Additional tax at the rate of 0.25 per cent is levies on the turnover of the dealers whose annual turnover exceeds Rs.10 lakh. This is levied under the Tripura Additional Sales Tax Act 1990, with effect from 1.4.1990.

Exemptions: Almost all essential commodities like food grains, pulses, cloth, salt, edible oil, spices, etc. have been exempted from tax. These exemptions have been allowed keeping in view the interests of the economically weaker section of people in the State. Agricultural implements, hand made bakery goods, cottage matches, biogas plant and artificial limbs, etc. are also tax-exempt.

Taxation of Inputs: Tripura is an industrially backward state and to promote the growth of industries, small scale industries producing particular types of goods have been totally exempted from the payment of sales tax for a fixed period. Any tax paid on inputs which are notified as raw material is adjusted by way of allowing set-off or refund.

Incentives to Industries: Tripura is an industrially backward state and to promote growth of industries, small scale industries set-up in Tripura are also exempted from payment of tax for a period of 5 years with effect from the date of first sale of their manufactured products.

2. Registration

Under the Act, registration is compulsory. No person can carry on business dealing in taxable goods without obtaining a certificate of registration under the Act. Every registered dealer is under statutory obligation to keep true accounts of taxable goods showing classification of goods produced, manufactured or brought and sold or transferred. The issuance of cash memo/bill involving transaction for an amount of Rs.5 or more is mandatory.

3. Assessment

Returns: Every registered dealer is required to file quarterly returns of his turnover in the prescribed form within thirty days from the expiry of each quarter. The returns are to be submitted along with the proof of payment of tax payable for the said quarter.

Mode of Assessment: Assessment of every registered dealer is made annually to ascertain the correctness of the returns submitted for which books of account are examined by issuing notice as prescribed under the law. Assessment is completed as per return, if the assessing officer is satisfied after examining the accounts that these have been correctly maintained. If account books do not exhibit the correct position, the assessing authority shall pass an order indicating the discrepancies found and determine the turnover.

Non-submission of the return or failure on the part of the dealer to produce books of account may result in best judgement assessment which is completed on the basis of available materials on records and other relevant factors.

An assessment may be re-opened within 8 years of the end of the relevant period if there has been under-assessment at the time of making the original assessment. Similarly if a dealer liable to pay tax fails to get himself registered or file return for any period he can be proceeded against upto 8 years from the end of the relevant period.

4. Penalty and Prosecution

The following penalties and punishments have been provided for, in the Tripura Sales Tax Act for various defaults/offences.

<i>Default/Offences</i>	<i>Penalty/Punishment</i>
a. Failure to furnish return by due date and in the prescribed manner.	Penalty of an amount not exceeding 150 per cent but not less than 10 per cent of the amount of tax payable.
b. Furnishing incorrect return.	-do-
c. Non-compliance with notice of assessment.	-do-
d. Evading payment of tax.	-do-
e. Dealing in taxable goods in contravention of the provisions of the Act.	Imprisonment which may go upto six months or fine of Rs.1,000 or both, on conviction before a special magistrate.
f. Failure to keep proper account or records of sales.	-do-
g. Deliberate furnishing of incorrect information and record.	-do-

- | | | |
|----|--|------|
| h. | Evasion of tax or concealment of liability to pay tax. | -do- |
| i. | Failure to pay any dues within time allowed. | -do- |
| j. | Preventing or obstructing any officer during the period of his duty. | -do- |
| k. | Collecting tax at a rate higher than that prescribed. | -do- |

A dealer or person committing an offence may opt for composition of the offences mentioned above in which case composition money may be accepted from the offender.

Mode of Recovery: After the completion of assessment or levy of penalty, a demand notice is issued requiring the dealer to deposit the same within a fixed time. Failure on the part of dealer in this regard may result in the adoption of a special mode of recovery viz., by issuing a notice to any person, bank, post office from whom any sums are payable to the dealer to pay the amount towards sales tax dues. The arrears of tax are also recoverable as arrears of land revenue.

5. Administrative Organisation

The Commissioner of Taxes heads the sales tax department in the State. Besides, there are Additional Commissioner of Taxes, Deputy Commissioners of Taxes, Assistant Commissioners of Taxes, Superintendents of Taxes and Inspectors of Taxes to assist him. For the smooth administration of the department, the state has been divided into eight administration units each of which is headed by a Superintendent of Taxes.

Most of the powers under the Act have been vested with the Commissioner of Taxes. The power for hearing of appeals lies with the Assistant Commissioner of Taxes.

The power of registration, cancellation of registration, making of assessment and collection of taxes has been delegated to the Superintendent of Taxes. He is also empowered to levy penalty and interest, make search and seizure and compound offences.

6. Appeal/Revision

An appeal against any assessment or penalty order passed by the Superintendent of Taxes (Assessing Authority) may be filed within 30 days from the date of service of the order before the Assistant Commissioner of Taxes subject to the condition that the tax/penalty has been paid. The appellate authority has discretion to reduce the amount to be paid before filing the appeal upto 50 per cent of the tax/penalty payable. An appeal filed beyond the time limit of 30 days may be admitted, if delay is shown to have occurred due to reasons beyond the control of the appellant. An appeal against the order of Assistant Commissioner of Taxes lies before the Tribunal.

The Commissioner of Taxes is the revisional authority and a dealer may file a petition before the Commissioner against an order passed by the assessing authority or the Assistant Commissioner of Taxes within 90 days of the receipt of such order.

7. Checkposts

To prevent tax evasion, 5 checkposts have been established in the state but only one checkpost on the border is in regular operation while the others work occasionally.

UTTAR PRADESH

Starting with the Madras pattern of multi-point sales tax levy at the rate of 3 paise per rupee, by enacting the Uttar Pradesh Sales Tax Act, 1948, the State has switched from an amalgam of single-point sales tax on some important commodities and multi-point sales tax on other commodities, ultimately to a single-point sales tax levy with effect from October 1975. The recommendations of the Taxation Enquiry Committee (1974-75) were actually implemented.

The Sales Tax Department administers the Uttar Pradesh Sales Tax Act, 1948 along with the Central Sales Tax Act, 1956 with necessary modifications to date.

The levy of tax on purchase/sale of motor-spirit, diesel oil and alcohol is governed by the United Provinces Sales of Motor-spirit, Diesel oil and Alcohol Taxation Act, 1939, as amended upto date, and lies within the jurisdiction of the Excise Department.

1. Structure

Sales Tax (or purchase tax) in Uttar Pradesh is leviable on the aggregate turnover during the assessment year, amounting to Rs.1 lakh for manufacturers and to Rs.1,50,000 for other dealers.

However, in the case of importers, the turnover limit for taxation has not been provided. Thus, they are to be taxed on the sales of the goods irrespective of the quantum of turnover.

Point of Levy: Uttar Pradesh has basically adopted the levy of sales tax at the first stage of sale covering a wide range of commodities sold by importers, manufacturers from whom tax is realised. Sales tax at the last stage of sale i.e. to consumer, however, is levied in the case of certain items such as footwear and other specified commodities.

Rate Structure: The rate of sales tax ranges from 2 to 14 per cent on goods varying from cotton yarn, polyester staple fibre, machinery and their spare parts, chemical fertilizers, oil (taxable at first stage of sale. Sweetmeats (taxable when sold to consumer) etc., bull dozers, cranes (taxable at first stage of sale) certain fuel efficient motor cars (taxable when sold to consumers)

Arms and ammunitions (first stage of sale) etc. The general rate is 8 per cent for non-specified goods taxable at last stage of sale. Spirits, spirituous liquor are taxable at the rate of 26 per cent (taxable at first stage of sale).

The first Schedule (under Section 3A) and List I describe the 76 goods subject to tax at different rates and point of levy. List II indicating 55 goods also details rates and point of tax. Another list mentioning 6 goods too indicates certain declared goods and certain other goods subject to tax at the rate of 2 per cent and 4 per cent.

Additional Tax: Every dealer is liable to pay additional tax at the rate of 25 per cent on the tax assessed. There is no surcharge or turnover tax.

Purchase Tax: Purchase tax, is levied at the first point of purchase of 18 goods listed in list III rates of which range from 2 per cent to 10 per cent on goods varying from Bullion and specie ghee, gur, rab, etc.

Works Contract: To cover 'works contract', the definition of 'sale' has been enlarged in Section 2(ii) to mean transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract. The annual turnover for taxation is Rs. one lakh; it appears to have been covered under the general category of

dealers. The taxable event has also not been specified. The State Government may determine the turnover in the manner prescribed under the relevant Rule and may fix the tax rate, not exceeding 15 per cent, and different rates may be declared for different 'classes of dealers' (Section 3-F w.e.f. 1.11.1985). Section 8-D provides for deduction of tax at source in cases mentioned in the notification specifying such cases at the rate of 4 per cent.

Leasing: To cover 'leasing', the definition of 'sale' has been enlarged in Section 2 (iv) to mean a transfer of the right to use goods specified in the schedule given thereunder for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration. The annual turnover of taxation in the case of leasing too is Rs. one lakh to be determined in the manner specified in relevant rules at 4 per cent. As in the case of 'works contract' the State government may determine the turnover in the manner prescribed and may fix the tax rate, not exceeding 15 per cent, and different rates may be declared for different goods for different 'classes of dealers' for 'leasing' also.

Exemptions: As per list IV, in accordance with Section 4(a) of the Act, and Annexures I and II, as many as 100 goods have been exempted from tax.

Taxation of Inputs: Raw material (accessories, component parts, containers, packing materials, consumable stores), for the purposes of manufacture in the State of Uttar Pradesh of any 'notified goods' used by the dealer are either exempt from tax or are subjected to concessional rate of tax subject to the condition that the manufacturer sells the 'notified goods' within Uttar Pradesh or in the course of inter-state trade or commerce or in the course of export out of India and he is granted a 'recognition certificate' for this purpose. Violation of the conditions and restrictions attract penalty provisions.

Incentives to Industries: No Sales Tax or Central Sales Tax is payable on purchases of raw materials and sales of finished goods of the new industrial units, such as handicrafts, handloom industries, small scale industries, for a period of 7, 6 or 5 years, as the case may be, from the date of first sale (within six months from the date of starting production) by these industrial units in backward districts categorised as A, B, C depending on the degree of development. This relief was available till 31.3.1990. In cases where tax was not exempt but deferred, the deferment was for seven years.

Presently a "loan scheme" has been introduced. The new manufacturers have been granted loans equal to the tax payable and the loan amount would be recovered by book adjustments through the P.I.C.U.P.

2. Registration

All importers making inter-state sales or making purchases on the strength of declarations (under Central or State Sales Tax Acts) and manufacturers (with a turnover of Rs.1 lakh) and other dealers (with a turnover of Rs.1,50,000) who are liable to tax under Section 3 have to get themselves registered.

However with effect from 1.4.1987, dealers who exclusively deal in tax free items have been left out from the taxation net as a matter of relief from the formalities of registration and consequent assessment.

Registration certificates granted to dealers, continue to be in force for periods depending upon the fees paid by the dealers prior to the assessment year concerned.

Provisional: Provisional registration is granted to intending manufacturers.

3. Assessment

Returns: Every dealer liable to tax, the aggregate of whose turnover, in any assessment year exceeds Rs. two lakh should submit a return every month before the expiry of the succeeding month except for the month of February which should be filed by the 20th day of March.

Every dealer liable to pay tax under the Act, except the dealers specifically excluded should submit a return within a month of expiry of the quarter concerned. A relaxation, however, is allowed to those dealers whose total admitted tax liability during the immediately preceding assessment year did not exceed Rs.500; they are allowed to submit annual return but the admitted tax has to be deposited on pro-rata basis every quarter on the basis of the previous year's admitted tax figures.

Payment of Tax: Tax is to be paid within the time prescribed or by 31st August, whichever is later, failing which simple interest at the rate of 2 per cent per mensem becomes due and be payable on the unpaid amount with effect from the day immediately following the last date prescribed.

Mode of Assessment: Assessments are to be completed by the Sales Tax Officers, ordinarily upon the expiry of the assessment year i.e. the financial year. If the assessing authority, after such an enquiry as he considers necessary, is satisfied that the return submitted is correct and complete, will assess the tax on its basis.

Two variants of this provision have been evolved by the State Government to help tax compliance by small dealers or dealers whose returns are trusted.

Self-Assessment Scheme: The scheme is meant for new and small dealers, leaving aside manufacturers. Under this scheme, the dealer has to submit an annual statement of business only. He is not required to produce the books of account and documents and evidences to prove the correctness and completeness of his statement subject to certain conditions being satisfied.

- i. The gross turnover and taxable turnover should not have exceeded Rs.5 lakh and Rs.2 lakh respectively.
- ii. The admitted tax for the assessment year should not have exceeded Rs.10,000.
- iii. There should have been no adverse material on record for the assessment year.
- iv. There should have been a progressive increase of the turnover of the assessment year concerned over that of the previous year by 10 per cent.

Summary Scheme: This scheme was introduced to reduce the number of pending proceedings of assessment with effect from the financial year 1990-91. Recourse to assessment is made and the Sales Tax Officer examines the returns already filed for the assessment year and does not call the assessee to produce books of accounts, documents and evidences in support of the correctness and completeness of the returns and if the returns are found to be in order and there are no adverse materials available on record, the assessment to tax for the assessment year concerned is completed. If no return is submitted by the dealer within the prescribed period or if the return appears to be incorrect or incomplete, the assessing officer will proceed to assess the tax to the best of his judgement after having given the dealer a reasonable opportunity of being heard.

Provisional: A provisional assessment has also been provided for in special circumstances for portion of an assessment year.

Best Judgement Assessment in Cases of Unassessed Turnover: There is a provision for best judgement or full assessment in cases where the whole or any part of the turnover of a dealer for any assessment year has escaped assessment to tax or has been under-assessed or assessed to tax at lower than the proper rate or deductions/exemptions have been wrongly allowed.

The normal period of limitation is four years from the end of the year under consideration for assessment/re-assessment. But in some specific cases an extension of 6 months is given where the notice for assessment/re-assessment has been issued within the above period. But if the Commissioner of Sales Tax is satisfied on the basis of reasons recorded by the assessing authority that it is just and expedient so to do, this limit of four years may be extended upto 8 years. In case of a remand by the follow up, assessment/reassessment is to be completed within one year of the date of receipt of the order of the superior authorities.

Cases of ex-parte assessment orders having been set aside should be finalised within 6 months of the date of order of the setting aside of the same.

4. Penalty and Prosecution

The following are certain defaults/offences which are punishable with penalties (as alternative to prosecution) and fines and imprisonment (in case of conviction on prosecution).

	As Alternative to Prosecution	After Prosecution
i. Failure to pay without reasonable cause the assessed tax within the time allowed.	Penalty ranging between 10 to 25 per cent of the tax if the tax is less than Rs.10,000 and upto 50 per cent if the tax is above Rs.10,000.	

	As Alternative to Prosecution	After Prosecution	
ii.	Carrying on business without applying for Registration.	Penalty of Rs.100 monthly during the first three months of default and Rs.500 every month if the default continues.	
iii.	Refusal to permit inspection of books, documents etc.	Penalty not exceeding Rs.2,000.	Punishable with fine upto Rs.2,000 and where the default is a continuing one, a further fine upto Rs.50 per day during the period of default.
iv.	Contravention of the provision of the Act and Rules there under	Penalty not exceeding Rs.2,000.	
v.	Wilful submission of a false return of turnover.	Penalty ranging between 10 to 25 per cent of the tax if the tax is less than Rs.10,000 and upto 50 per cent if the tax is above Rs.10,000.	Punishable with simple imprisonment upto one year or fine or both. In case of continuing default, further fine upto Rs.100 for each day of default.
vi.	Failure to submit return in time or to deposit tax.	Penalty ranging between 10 to 25 per cent of the tax if the tax is less than Rs.10,000 and upto 50 per cent if the tax is above Rs.10,000.	
vii.	Deliberate concealment/inaccurate furnishing of details of turnover.	Penalty ranging from 50 per cent to 1.5 times of tax avoided.	

	As Alternative to Prosecution	After Prosecution
viii. Failure to issue bills/ cash memos.	Penalty of Rs.50 or double the amount of tax whichever is greater and of Rs.100 or four times the amount of tax involved. In case there is second/subsequent default.	
ix. Issuing of false certificates or declarations to avoid payment of tax.	Penalty ranging from 50 per cent to 1.5 times of tax avoided.	
x. Making of false verification on application for registration.	Penalty not exceeding Rs.5,000.	
xi. Evasion of payment of tax.	Penalty not exceeding 40 per cent of the value of goods.	
xii. Obstruction to, or prevention of performance of duties by officers.	Penalty not exceeding Rs.5,000.	
xiii. Refusal, neglect to furnishing of information or furnishing of false information.	Penalty not exceeding Rs.2,000.	

	As Alternative to Prosecution	After Prosecution
xiv. Fraudulent use of prescribed declaration form or certificate.	Penalty ranging from 50 per cent to 1.5 times of tax avoided.	
xv. Closure of place of business to prevent inspection.	Penalty not exceeding Rs.2,000.	
xvi. Importing, transporting goods, contravening provisions.	Penalty amounting to 40 per cent of the value of goods.	
xvii. Failure to comply with provisions relating to check post, barrier and with provisions in regard to vehicles etc.	Penalty amounting to Rs.1,000.	
xviii. Charging of tax illegally or in excess.	Penalty ranging from the amount equal to tax realised or realised in excess upto 3 times of the amount of tax realised or realised in excess.	

5. Administrative Organisation

The head of the department of Sales Tax is a Commissioner of Sales Tax, an I.A.S. in the super-time scale. There are two Additional Commissioners, one Joint Commissioner, four Deputy Commissioners and a number of Assistant Commissioners, Sales Tax Officers posted at the headquarters at Lucknow to assist the Commissioner.

The administrative set up is being reorganised by abolishing the institution of Assistant Commissioner (Executive) and raising 222 regions of Deputy Commissioners (Executive).

Usually the Assistant Commissioner (Assessment), Sales Tax Officer and Sales Tax Officers Grade II have monetary limits for assessment work. To ensure closer scrutiny of accounts for proper assessment of big assesses, specially those with annual taxable turnover exceeding Rs.25 lakh. more than 115 Assistant Commissioners (Assessment) are entrusted with the task of assessment of such dealers.

The State is divided into 3 regions for special investigation to curb tax evasion. It is now being raised to six regions. Each region is headed by a Deputy Commissioner (special investigation branch). In some regions, Deputy Commissioner (Appeals) have been posted to dispose of appeals.

6. Appeal/Revision (Remedial Measures)

Section 9 provides for the first appeal. Orders of Sales Tax Officers/S.T.O. Grade II are appealable before the Assistant Commissioner (Judicial). However, appeals against the orders of the Assistant Commissioner (Assessment) are filed before the Deputy Commissioners (Appeals).

The Sales Tax Tribunal is the second forum of appeal. It consists of one or more persons of the Uttar Pradesh Higher Judicial Service or a person qualified to be a Judge of The High Court (The senior member as the President) The other member of the Tribunal is a Senior Officer of the Uttar Pradesh Sales Tax Service not below the rank of the Deputy Commissioner of Sales Tax. Excepting non-appealable orders, second appeals lie against the orders of the appellate authority/revising authority, Commissioner of Sales Tax. Revision, only in cases involving any question of law against the orders of the Tribunal lie before the High Court.

Provision for rectification of mistakes apparent from records also has been made.

7. Checkposts

Section 28 of the Act provides for the establishment of checkpoint and barriers and along with Section 28-A provides for certain regulatory measures to prevent evasion of tax dues under the Act in respect of goods imported into the State and sought to be sold inside the State. There are 52 border checkposts and 7 railway checkposts (internal) working in the State. The checkposts were set up on 15th April 1974.

In respect of taxable goods imported or otherwise received from outside the State, the driver/person-in-charge of the carrier vehicle should deliver one copy of the declaration to the checkpoint incharge before crossing it. Certain transits of taxable goods (commonly called 'out to out' goods) via the State checkpoint are to be covered by transit pass to be obtained from the entry checkpoint, subsequently to be surrendered to the exit checkpoint.

WEST BENGAL

Sales tax was introduced in the erstwhile State of Bengal in July 1941 by the enactment of the Bengal Finance (Sales Tax) Act, 1941. At present, apart from the CST Act, 1956, the following enactments are in force in the State for the levy of sales tax:

- A. The Bengal Finance (Sales Tax) Act, 1941.
- B. The West Bengal Sales Tax Act, 1954.
- C. The West Bengal Motor Spirit Sales Tax Act, 1974.

In addition, a tax on the purchase of raw jute is levied under the Bengal Raw Jute Taxation Act, 1941.

The Bengal Finance (Sales Tax) Act, 1941 was enacted for imposing tax at the last-point on the sale of goods. Subsequently, low rate multi-point tax for intermediate transactions in addition to the last-point tax was also introduced into the system.

The West Bengal Sales Tax Act, 1954 was enacted to prevent evasion of tax by providing for the levy of first-stage tax in respect of specified goods which are manufactured, made or processed in West Bengal or brought into West Bengal from outside the State. In respect of commodities notified under the WBST Act, 1954, the provisions of the Bengal Finance (Sales Tax) Act, 1941, are not applicable, with the exception that Section 6D regarding works contract extends to notified commodities taxable under the West Bengal Sales Tax Act, 1954 also. For attraction of liability for turnover tax under Section 6B of the Bengal Finance (Sales Tax) Act, 1941, turnover under the West Bengal Sales Tax Act, 1954 is also included.

The West Bengal Motor Spirit Sales Tax Act, 1974 governs the levy of sales tax on motor spirits.

1. Structure

The liability to pay tax under the Bengal Finance (Sales Tax) Act, 1941 is for the dealers with gross turnover exceeding the taxable quantum within an accounting year. The "taxable quantum" for different dealers is:

- i. Rs.20,000 for any dealer who imports goods for sales in West Bengal.
- ii. Rs.50,000 for a manufacturer or producer of goods other than cooked food.
- iii. Rs.1 lakh for any dealer who manufactures or produces cooked food for sale.
- iv. Rs.2 lakh for any other dealer.

Taxable quantum is 'nil' for a certified dealer in certain specified goods notified under the 1941 Act. Cotton cloth, timber, groundnut oil, bricks, etc. are some of the goods falling in this category. Taxable quantum is also 'nil' in respect of dealers dealing in goods notified under the West Bengal Sales Tax Act, 1954. Similarly all sales of motor spirits are liable to tax under the West Bengal Motor Spirit Sales Tax Act, 1974.

Point of Levy: Under the Bengal Finance (Sales Tax) Act, 1941, tax is levied at the last-point with multi-point taxation at low rates on intermediate sale transactions.

The West Bengal Sales Tax Act, 1954, provides for tax at the first stage on manufacturers, processors or importers of goods notified under this Act.

Sale of motor spirit is taxed at the point of first sale.

Rate Structure: The West Bengal Finance (Sales Tax) Act, 1941 prescribes a multiple rate system, ranging from 1 per cent to 15 per cent, with intermediate rates of 2,3,4,8,11 and 15 per cent. The minimum of 1 per cent is levied on gold of fineness not below 90

per cent, rice, wheat and hosiery goods (other than cotton and woollen hosiery goods), mustard oil, rapeseed oil and blends of mustard and rapeseed oils. Readymade garments other than hosiery goods and garments made of khaddar or khadi are taxed at 2 per cent. Lottery tickets are taxed at the maximum rate of 20 per cent. The general rate of tax is 8 per cent.

The West Bengal Sales Tax Act, 1954, provides for specific commodities to be taxed at rates not exceeding 15 per cent. Special notifications are issued in respect of commodities notified under this Act, and so far 98 groups of commodities have been so notified. Rates range from 2 per cent to 15 per cent. All non-cotton yarn other than coir yarn and pure silk yarn attract tax at 2 per cent. Power tillers suffer tax at 3 per cent. Fertilisers, insecticides, drugs, paper boards and straw boards and ships are taxed at 4 per cent. Cigarette cases, video cassette recorders, processed food, dry or preserved fruit, television sets, and a number of other commodities are taxed at 15 per cent.

Under the West Bengal Motor Spirit Sales Tax Act, rates of 2,5,8,9,10,12 and 25 per cent are in effect. Furnace oil sold to manufacturers is taxed at 2 per cent. The general rate of tax on sale of furnace oil is 8 per cent.

Additional Tax: Every dealer liable to pay tax under relevant sections of the Bengal Finance (Sales Tax) Act 1941 and West Bengal Sales Tax Act 1954, should in addition to the tax payable by him pay an additional Sales Tax at the rate of 15 per cent of the total amount of tax payable except in respect of the tax payable on the sale of declared goods and such other sales as may be prescribed.

Purchase Tax: Under the BF (Sales Tax) Act, purchase tax is payable under the following circumstances:

- i. by manufacturing registered dealers:
 - at 4 per cent in respect of purchases made from unregistered dealers of goods other than gold, rice and wheat intended for direct use in manufacture of goods in West Bengal for sale, and of containers and other material for packing of goods so purchased or manufactured.
 - at 3 per cent in respect of purchases made from registered dealers against declarations made in Form XXIV-A for use in the manufacture of goods or by way of packing materials when such manufactured goods are transferred to a place outside West Bengal or disposed of otherwise than by way of sales in the State.
- ii. by registered dealers:
 - at 4 per cent on purchases from unregistered dealers or persons, of goods other than gold, rice and wheat intended for a purpose other than for direct use in the manufacture of goods for sale in West Bengal.

Works Contract: Any transfer of property in goods, whether as goods or in some other form, involved in the execution of a works contract, is deemed to be a sale of those goods by the person making the transfer. Liability to pay tax arises where contractual transfer price exceeds Rs.2 lakh in a year. The tax rate is 4 per cent on the taxable contractual transfer price arrived at after permissible deductions.

Leasing: 'Sale' includes any transfer of right to use any goods for any purpose, whether or not for a specified period, for cash or deferred payments, etc. The tax is levied at 4 per cent and for video cassette tapes it is 20 per cent.

Exemptions: Schedule I to the BF (ST) Act specifies 26 tax-exempted goods. These include, as in other States, essential commodities such as cereals (excluding rice and wheat) and pulses, wheatflour, bread, salt, vegetables, fresh fruits, etc. Inputs such as cotton, cotton yarn, electrical energy, mustard seed, furnace oil, etc. are also exempted. To encourage cottage industries, exemption has been accorded to silkworm eggs, articles made of bamboo, clay utensils, etc., and also to biogas plants. Moreover, the rules provide for exemption on certain other goods.

Under the WBST Act 1954, powers have been vested with the State Government to grant exemption in respect of any commodity if it is satisfied that it would serve public interest.

Turnover Tax: This tax was imposed with effect from 1.4.1979. If the turnover exceeds Rs.25 lakh in any accounting year, the concerned dealer has to pay a turnover tax for three successive years that follow, irrespective of the turnover in those three years. The rates applicable are as under:

- i. If the gross turnover exceeds Rs.50 crore during the year in respect of which the turnover tax is levied, 2 per cent of gross turnover.
- ii. If the gross turnover exceeds Rs.1 crore but does not exceed Rs.50 crore, 1.5 per cent of gross turnover.
- iii. If the gross turnover exceeds Rs.50 lakh but does not exceed Rs.1 crore, 1 per cent of gross turnover.
- iv. In other cases, 0.5 per cent of gross turnover.

In computing the gross turnover under both the Acts, *viz.*, BF(ST) Act and WBST Act have to be aggregated.

Under the WB Motor Spirit Sales Tax Act, turnover tax is levied at one and a half per cent of the turnover on all dealers.

Turnover tax under any of the three Acts is not recoverable from the purchasers.

Taxation of Inputs: Concessional treatment is accorded to inputs of raw material and machinery when these are used directly in the manufacture of finished taxable goods, news papers or motor spirit for sale in West Bengal. Raw material sold to a manufacturing dealer registered in the State is taxed at 2 per cent against the production of Form XXIV-A. If, however, finished goods are not sold within the State or are

transferred outside the State in the course of inter-State trade or commerce or exports out of India, the purchasing dealer has to pay 3 per cent on the purchase price as purchase tax in addition to a payment of 2 per cent as sales tax.

The provisions of both BF (ST) Act and WBST Act are identical in this regard.

Incentives to Industries: Small Scale Industries are entitled for tax holiday for 3 to 5 years if the unit is situated within or beyond the Calcutta Metropolitan Planning Area provided that the investment on plant and machinery excluding the value of land and building does not exceed Rs.10 lakh.

Provision for deferment of tax or, in the alternative, remission of tax is available to the new industrial units or even expanded portions of existing units and the dealer can opt for any one scheme. Tax payable according to return or account of sale of goods manufactured or on account of purchase of goods for use in the manufacture of such goods in respect of a newly set up industrial unit or in the expanded portion of an existing unit in the State (except in the areas under the jurisdiction of Calcutta Municipal Corporation) may be deferred or remitted upto a fixed percentage of the gross value of fixed capital assets. The deferment benefit is available to new units having fixed capital investment of Rs.10 lakh or above. No such limit is applicable to units claiming remission of tax.

2. Registration

Every dealer except a certified dealer who is liable to pay tax must obtain a certificate of registration. A certified dealer must initially obtain a special certificate and thereafter, a certificate of registration in terms of the usual provisions for registration applicable for all dealers. Separate certificates have to be obtained under

each Act if the dealer comes under its purview and becomes liable to pay tax. Provisional certificates are issued to dealers who commence the manufacture of goods to enable them to buy goods (Superintendent with Certificate) without payment of tax.

A new dealer may voluntarily get himself registered even if his turnover is less than the taxable quantum but exceeds Rs.10,000 during his accounting year.

3. Assessment

Returns:

- i. *BF(ST) Act:* The BFST Act provides for monthly payments but quarterly returns to be filed by the dealers. Except in the case of dealers whose aggregate tax payment in an accounting year does not exceed Rs.12,000, annual returns are to be filed for the following year.

The time prescribed for filing returns 30 days from the close of the quarter or the year as the case may be. Failure to make payment as per quarterly or annual return as above attracts interest at the rate 2 per cent per month.

- ii. *WBST Act:* Ordinarily, returns have to be filed on a monthly basis but Assistant Commissioners have powers to allow the filing of a quarterly return. The time limit for filing returns are 21 days.
- iii. *The Bengal Motor Spirit Sales Tax Act:* Monthly returns have been prescribed under the Act which are to be filed by the end of the subsequent month.

Mode of Assessment: In a case where no returns have been filed or returns filed are not considered to be correct, assessment may be completed on best judgement after giving the dealer an opportunity of being heard.

The time prescribed for completing the assessment is four and six years respectively for registered and unregistered dealers. Provisions for completing such assessments by 30th June for dealers whose accounting year ends during the first half of the English calendar year and by 31st December for dealers whose accounting year ends during the second half, are made under the Act.

Both the BF(ST) Act 1941 and the WBST Act, 1954 provide for summary assessment of small dealers. Summary assessments were completed for all eligible periods in respect of all registered dealers whose gross turnover assessed on or before 1.6.1990 under Act '41 or Act '54, or the aggregate gross turnover, if the dealer is registered under both the Acts in respect of the latest period of one full year which ended on or before 30.6.1986 did not exceed Rs.10 lakh. For all the eligible periods the dealer is assessed on the basis of his return without being called upon to produce books of accounts.

4. Penalty and Prosecution

Penalties:

- i. Penalty is leviable if a registered dealer fails to submit a return in respect of any period. Such penalty is not to exceed one and a half times the amount of the tax determined to be payable. The penalty, however, is to be restricted to 50 per cent of the tax where interest is payable under the provisions of the law for any shortfall in the amount of tax paid by the dealer.
- ii. Penalty may also be imposed for failure to pay any tax found to be payable after the assessment of such tax has been made and the date of payment thereof has expired, but no penalty shall be imposed in respect of assessment for which interest is payable.
- iii. Where notified goods/commodities are found being transported in contravention of the provisions of the law, a penalty not exceeding 25 per cent of the value of such goods/commodities is imposable.
- iv. For concealment of sales or furnishing inaccurate particulars with the intention of reducing tax liability, the penalty amount may not exceed one and a half times the amount of tax sought to be evaded.
- v. Where a dealer fails to issue cash memo or bill for sale exceeding Rs. 20, penalty of a sum equal to double the amount of tax which could have been levied in respect of unsupported sale or Rs.500, whichever is greater will be imposed.

Prosecution: Certain offences under the Act are punishable with imposition of fine or imprisonment, or both as summarised below:

<i>Nature of Offence</i>	<i>Punishment</i>
i. Transporting goods at railway station, steamer station, airport, etc. in contravention of law.	Simple imprisonment which may extend to six months or with fine or both if the offence is a continuing one, a daily fine not exceeding Rs.50 during the period of continuance of default is imposed.
ii. Carrying on business as a dealer without furnishing security demanded.	
iii. Selling notified goods imported by manufacturers from outside West Bengal without obtaining a special certificate.	
iv. Submitting false return or failure to file any return.	
v. Failure to keep proper accounts of goods purchased and sold.	
vi. Failure to produce accounts or furnish information in compliance with any notice.	
vii. Realising Turnover tax from purchasers.	
viii. Carrying on business without obtaining Registration Certificate.	Simple imprisonment upto one year or minimum fine of Rs.1000 or both. If the offence is a continuing one, a daily fine upto Rs.100 may be imposed.

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| ix. False representation by a registered dealer that certain goods are covered by his certificate of registration and false representation by an unregistered dealer that he is a registered dealer. | Simple or rigorous imprisonment upto six months or fine or both. If the offence is a continuing one a daily fine not exceeding Rs.100 may be imposed. |
|--|---|

Offences such as submitting incorrect accounts, abatement of any offence, etc. are also punishable with imprisonment and fine.

5. Administrative Organisation

The Commissioner of Commercial Taxes is the administrative head of the department. He is assisted by Additional Commissioners who are assigned such functions of the Commissioner as the State Government may notify. The Assistant Commissioners, Commercial Tax Officers and Inspectors of Commercial Taxes are in the next rung of the Officers.

For the sake of administrative convenience, the State of West Bengal is divided into 16 circles with a central section and one assessment wing. Circles constitute 66 charges formed on the basis of geographical location and are headed by Assistant Commissioners, while a charge is looked after by a senior Commercial Tax Officer. The Central Section and an assessment wing, exercise their jurisdiction all over the State looking after prevention of evasion, and assessment of big dealers respectively and are headed by Assistant Commissioners.

The first appeal against the assessments made by Commercial Tax Officers lies before the Appellate Assistant Commissioner and the second appeal lies before the West Bengal Commercial Taxes Tribunal. In the exercising of the powers conferred

under Article 323B of the Constitution, the State Government has set up a Taxation Tribunal for final adjudication of sales tax disputes which implies that the writ/reference/appellate jurisdiction of the High Court has been withdrawn.

The cases of top 700 assesses in the State who account for 53 per cent of sales tax revenue are assessed in a special assessing circle assessed by Commercial Tax Officers and supervised by Assistant Commissioners.

6. Appeal and Revision

The provisions of appeal and revision are almost similar for all the Sales Tax Act in West Bengal. An appeal against an order of the Commercial Tax Officer lies to the Assistant Commissioner and an appeal against the assessment order passed by an Assistant Commissioner lies to the Commissioner. The Tribunal may upon application revise the final appellate order on an order of assessment passed by the Assistant Commissioner.

The Assistant Commissioner may either on application or suo moto, revise an assessment order or a miscellaneous order of the Commercial Tax Officer. Tribunal is the competent revision authority for revising the order passed by the Assistant Commissioner relating to the assessments and the Commissioner is the competent authority for revising the revisionary order of the Assistant Commissioner in respect of miscellaneous orders passed by the Commercial Tax Officer.

7. Checkposts

There are 33 checkposts and notified places located at the different railway stations in Calcutta, Dum Dum airport, dockyards under Calcutta Port Trust and at the State borders. Goods arriving at the railheads, airport and dockyards are released only after being cleared by the appropriate commercial tax authorities on duty. Clearance is

given after verification that the requisite permit issued by the Commercial Tax Department in respect of the consignment has been submitted at the checkpost. Besides, there are range checkposts to administer the regular checkposts.

Similarly, road checkposts also ensure that the goods being freighted are accompanied by permits issued by the area offices. Absence of such a permit may lead to seizure of goods and their release can be effected only after recovery of prescribed penalties.

Transit permits are issued by the border checkposts for the movements of goods from outside State to outside State.

Table 1
Commodity-wise Rates of Sales Tax in the States

	AP	ARN	ASH	BHR	DLI	GOA	GUJ	HAR	HP	J&K	KYK	KER	LD	MHI	MP	MCG	MAH	MIO	MGA	ORS	POHD	PUH	RAJ	KMH	TN	TMI	UP	WB	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
1. CEREALS AND PULSES																													
1.1 Cereals and Pulses	4	-	E/2	4	E	E	E	4	3/5	E	3	-/4	-	E	3/2	E	E	2	E	4	1	4	4	E	4	-	5	17/8	
1.2 Paddy	4	-	2	3	E	-	E	4	3/5	-	E	-	-	E	2.5	2	E	-	-	4	E	4	4	E	E	-	5	-	
1.3 Atta, Haida and Suji	2	-	E	4	E	E	E	4	3/5	E	E	5	-	E	3	E	E	-	E	4	E	4	4	E	4	-	5	-	
2. OTHER FOOD ARTICLES																													
2.1 Edible oils	4	-	7	2	5	1	4	6	8	4	-	8	-	E	3	7	4	-	4	4	2	8	6	6	4	7	6.25	8	
2.2 Vanaspati ghee	6	-	7	9	5	1	7	6	8	8	-	8	-	7	12	7	4	-	4	8	4	6	6	6	6	7	12.50	8	
2.3 Ghee (pure)	6	-	7	6	5	E	12	6	8	8/1	13	-	-	7	6	E	4	-	E	12	3/5	8	6	6	16	6	7.50	8	
2.4 Potatoes and Onions	E	-	E/8	5	E	E	E	E	E	-	E	-	-	E	E	E	E	-	E	E	E	E	E	E	E	E	E	-	
2.5 Fresh Fruits	E	-	E	E	E	E	E	E	E	E	E	-	-	E	E	E	E	-	E	E	E	E	E	E	E	E	E	-	
2.6 Meat and Fish in Containers	9	-	E	E	7	7	13	6	8	8	10+3	-	-	E	12	-	2	-	8	12	3/5	6	10	6	10	E	10	15	
2.7 Eggs	E	-	E	E	E	E	E	E	E	-	E	-	-	E	E	-	E	-	-	E	E	E	E	E	E	E	E	-	
2.8 Khandsari	E	-	E	E	E	7	E	4	6	-	-	-	-	E	E	-	E	-	-	4	E	E	E	6	E	E	5	-	
2.9 Salt (in Containers)	E	-	E	E	E	7	E	E	8	8	E	-	-	E	E	-	E	-	-	E	E	E	E	6	E	E	E	-	
2.10 Gur (Jaggery)	7	-	E	E	7	E	E	4	6	E	1.50	6	-	E	2	7	2/E	-	E	4	E	8	6	6	6	E	10	8	
2.11 Tea Leaves	6	-	7	E	7	2	12	6	8	4	13	7	-	7	10	7	6	-	6	12	5	6	10	6	6	6	10	8	
2.12 Coffee Powder	6	-	7	6	7	2	16	8	8	6	13	6	-	10	10	-	6	-	6	12	5	6	10	6	6	6	10	15	
2.13 Pepper	5	-	7	9	7	7	8	E	8	4	6	5	-	7	10	-	6	-	6	12	3	6	-	6	6	E	10	11	
2.14 Other Spices	5	-	7	9	7	7	6	3	3	4	6	8	-	7	10	-	6	-	6	8/12	3/5	6	6	6	6	E	10	8	
2.15 Curd, Lassi and Buttermilk	E	-	7	E	E	E	E	-	E	8	E	6	-	E	E	-	E	-	6	4/12	E	E	E	6	E	E	6.25	-	
2.16 Cooked Food and Sweets	5	-	7	6	5/7	7	12/8	10	8	3	-	6	-	7	3	7	6	-	-	4	E	E	6	E	5	E	6.25	8/8	
2.17 Milk Food and Powder	4	-	8	8	5	2	6	8	8	8	4	6	-	7	3/8	-	6	-	6	12	1	4	6	6	4	7	7.50	8	
3. BOOKS AND STATIONERY																													
3.1 Students' Exercise Books	E	-	E	6	E	E	E	E	E	E	E	5	-	E	E/5	-	E	-	E	E	E	E	E	E	E	E	E	7.50	-
3.2 Writing and Other Papers	7	-	7	8	5	E	10	6	6	8	8/2	4	-	4	12	7	6	-	6	12/16	3/5	6	6	6	6	E	7.50	8	
3.3 Other Stationery	8	-	7	E/6	7	7	12	8	8	4	10	E	-	4	6	-	10	-	6	12/18	3/5	6	10	6	6	E	10	0/8	
3.4 Instrument Boxes	6	-	7	7	E	E	E	6	6	6	E	-	-	E	6	E	4	-	E	12	E	6	E	6	E	E	10	-	
3.5 Books and Maps	E	-	7	E	E	E	E	E	E	8	E	E	-	E	6	E	E/8	-	E	E	E	6	E	6	E	E	E	-	
4. DOMESTIC FUEL ITEMS																													
4.1 Firewood	3	-	E	7	E	E	4	E	3	E	6	-	-	6	3	E	E	-	E	E	E	E	E	6	E	E	5	8	
4.2 Coal and Coke	4	-	4	4	3	7	4	4	4	8	4	4	-	4	4	-	4	-	6	4	2	4	4	6	3	4	5	4	
4.3 Kerosene	4	-	2	6	3	E	3.8	6	8	8	5	-	-	3	3	-	4	-	-	E	E	8	10	6	4	5	E	-	
4.4 Kerosene Superior	4	-	2	6	3	-	8	6	8	8	10	-	-	3	-	3	-	-	-	-	E	8	10	6	4	5	E	5	
4.5 Kerosene Inferior	4	-	2	6	3	-	-	6	8	8	-	-	-	3	-	2	-	-	-	-	E	8	10	6	4	-	E	E	
4.6 Cooking Gas	10	-	8	9	5	E	17	8	8	8	15/6	20	-	7	16	-	4	10	6	12	3	8	10	6	6	12	10	15	
4.7 Charcoal	3	-	7	7	E	E	8	8	E	E	6	5	-	7	3	-	E	-	6	E	3/5	4	10	6	5	E	5	-	
4.8 Parance Oil	4	-	8	8	7	15	12	8	8	8	13	10	-	7	-	-	8	-	6	12	3/5	6	10	6	10	5	6.25	6	
4.9 Candles	6	-	7	7	7	7	E	8	8	E	E	E	-	7	12	-	10	-	6	12	E	6	E	6	E	5	10	E	
4.10 Match Boxes	3	-	7	9	4	E	E	4	4	8	5	5	-	4	3	7	2	-	6	E	E	6	6	6	4	7	10	7	

Table 1 (Contd.)
Commodity-wise Rates of Sales Tax in the States

	AP	ANH	ASH	BHR	DLI	GOA	GUJ	HAR	HP	J&K	KTK	MDR	LD	MHI	MP	MDG	MHR	MIO	MGA	ORS	POWD	PUN	RAJ	SKH	TN	TRI	UP	WB
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
TOILET ARTICLES																												
5.1 Tooth Paste/Powder	10	-	7	8	5	7	11	8	8	8	15	0	-	7	14	7	8	-	6	16	4	8	12	6	8	7	10	8
5.2 Washing Soaps	5	-	7	9	5	7	8	8	8	8	8	6	-	7	12	7	8	-	6	12	2	8	8	6	4/10	6	7.50	8
5.3 Toilet Soaps	8	-	7	9	5	7	5	6	11	8	13	6	-	7	12	7	8	-	6	12	2	8	8	6	4/10	6	10	8
5.4 Hair Oils	10	-	7	8	10	7	10	10	11	10	15	7	-	7	-	7	8	-	6	16	5	8	12	6	12	5	15	8
5.5 Razors and Razor Blades	7	-	8	8	5	7	16	10	8/11	8	8	7	-	7	14	10	8	-	8	12	3/5	8	6.8	6	8	8	10	11
5.6 Other Shaving Products	10	-	8	8	-	7	8/11	10	11	8	15	12.5	-	7	-	10	15	-	8	16	3/5	8	12	6	8	8	10	11
5.7 Cosmetics	10	-	13	12	10	12	19	10	11	10	15	10	-	15	18	15/10	15	-	12	16	5	12	12	10	12	15	15	15
5.8 Boot-polish	6	-	8	8	5	7	14	8	8	8	10	7	-	7	12	7	6	-	8	16	3/5	8	10	6	8	6	10	11
5.9 Tooth Brushes	12	-	7	3	5	7	11	8	8	8	15	7	-	7	-	7	8	-	6	12	4	8	12	6	8	7	10	8
MEDICINES																												
	5	-	4	7	5	3	7	5	8	4	10	8	-	6	6/3	7	1	-	4	1	3/5	8/4	6	3	6	3	7.50	4
CLOTHING AND FOOTWEAR																												
7.1 Cotton Woisery Products	4	-	6	5	1/5	8	1/5	4	8	4	8	7	-	4	3	10	4	-	6	4	3/5	1	4	8	3	6	5	8
7.2 Readymade Garments	5	-	3/7	7	2/5	1	5	4	4	4	8	6	-	10	3	10	8/12	-	4	4	3/5	4	4	6	5	6	5	2
7.3 Footwear	8	-	8	8	5/7	7/8	13	8	8	8	8/10	10	-	12	12	10	8	-	6	12	3/5	5	10	8	8/5	8	10	4/8/11
CYCLE AND ACCESSORIES																												
	8	-	4/8	8	7	8	7	8	8	8	8	5	-	7	8	10	8	-	6	4	8	5	4	6	3	7	10	8/3
REFRESHMENT ARTICLES																												
9.1 Bread	6	-	8	4	8	7	8	8	8	8	2/8	8	-	8	-	10	8	-	8	8	8	8	8	8	10	8	6.25	8
9.2 Cakes and Pastries	9	-	7	8	7	8	12	8	8	8	13	8	-	7	12	10	8	-	6	12	3/5	8	10	6	5	8	6.25	-
9.3 Toffees and Chocolates	8	-	8	8	7	7	8	10	8	8	13	10	-	7	12	10	8	-	6	12	3/5	8	10	6	8	7	15	15
9.4 Aerated Water	7	-	7	11	7	7	14	8	11	8	13+5	12.5	-	15	8	10	12	-	6	12	3/5	12	10	8	8	7	15	15
9.5 Country Liquor	25	-	20	8	7	7	54	8	8	8	20	8	-	7	-	10	12	-	6	8	5	12	8	8	25	8	8	8
9.6 Foreign Liquor	25	-	50	25	10	25	54	20	30	30	50	100	-	30	8	10	20	-	6	4	20	12	25	6	50	8	32.50	8
9.7 Indian made Foreign Liquor	25	-	50	25	10	25	54	20	30	30	45+5	75	-	30	8	10	35/25	-	6	4	20	8	6	6	25	8	32.50	8
9.8 Bhang	-	-	7	8	7	7	18	8	8	8	150	-	-	8	-	10	15	-	6	8	3/5	8	36	6	8	8	8	8
9.9 Ganja	10	-	7	8	7	7	-	8	8	8	150	-	-	8	-	10	15	-	6	8	3/5	8	36	6	8	-	8	8
10 Opium	10	-	7	8	7	7	18	8	8	8	150	-	-	8	-	10	15	-	6	8	3/5	8	36	6	8	-	32.50	8
11 Ice	6	-	7	7	5	8	14	8	8	4	8	5	-	7	12	10	15	-	6	12	3/5	7	10	6	5	-	10	8
12 Biscuits	7	-	8	9	7	8	12	8	8	-	10	10	-	7	12	5	8	-	6	12	3/5	7	10	6	10	8	6.25	11/8

Commodity-wise	State																											
	AP	ARN	ASH	BHR	DLI	GOA	GUJ	HAR	HP	JAK	KTK	KRR	LD	MHI	MP	MRG	MAH	MIZ	MGA	ORIS	POND	PUN	RAJ	SKH	TN	TRI	UP	WB
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
10. CONSUMER DURABLES INCLUDING GOLD AND SILVER																												
10.1 Gold and Silver and their Coins	2	-	7	2	7	7	0.5	8	4	8	2	7	-	15	8	10	12	-	8	4	1	2	1	6	1/2	12	5	-
10.2 Bullion and Spieces	2	-	7	2	1/2	7	0.5	1/2	4	8	2	2.5	-	15	0.5	10	2	-	8	4	1	2	1	8	2	12	2.50	1
10.3 Articles of Gold and Silver	2	-	7	4	7	3	1	2	8	4	2	7	-	15	6	10	2	-	8	4	2	2.5	10	2	12	7.50	3	
10.4 Ivory Products	8	-	12	13	2	12	19	8	8	8	10	12.5	-	15	16	12	15	-	12	16	3/5	7	10	6	10	12	10	8
10.5 Marble and its Products	10	-	7	13	1/2	12	14	8	8	8	15	12.5	-	15	16	7	15	-	6	10	3/5	7	15	8	15	12	7.50	15
10.6 Synthetic Gems and their Stones	7	-	8	10	7	7	5	8	8	8	7	10	-	15	12	7	12	-	6	10	3/5	7	1	6	5	12	10	-
10.7 Gold and Embroidery Work	-	-	-	8	8	7	7	8	8	8	4	5	-	15	6	7	6	-	6	18	8	7	1	6	8	12	8	-
10.8 Articles of Stainless Steel	6	-	12	8	7	7	7	10	11	8	7	12.5	-	12	8	12	12	-	12	12	3	12	15	10	10/5	12	15	8
10.9 Ladies Hand-bags	7	-	8	10	7	12	14	8	8	8	13	8	-	12	12	12	15	-	8	16	3/5	7	10	6	3	10	10	-
10.10 All kinds of Leather Goods	7	-	8	8	10	12	14	10	4	8	13	10	-	10	12	7	10	-	8	12	3/5	12	10	6	8	8	10	15
10.11 Suit Cases and Attache Cases	8	-	8	10	7	7	19	10	11	8	15+5	10+1	-	7	12	7	15	-	6	12	3/5	7	10	6	6	8	10	-
10.12 All kinds of Stoves	7	-	8	8	7	7/8	8	8	8	8	10	1	-	7	10	7	10	-	6	12	1/3.5	7	10	6	8	8	10	-
10.13 Incandescent Lanterns and Lamps	-	-	8	9	7	7	11	8	8	8	8	8	-	7	12	-	10	-	8	16	5	7	10	8	8	6	10	-
10.14 Domestic Electrical Appliances	10	-	12	12	10	12	10	10	11	8	12+3	12.5	-	12	12	8	15	-	12	12	4	12	12	10	12	12	15	15
10.15 Clocks and Time Pieces	10	-	13	13	10	12	12	10	11	8	12	15	-	12	18	7	15	-	12	18	7/2	12	12	10	10	13	15	11
10.16 Refrigerators and Air-conditioners	10	-	13	10	10	12	14	10	11	10	15	15	-	15	10	7	15/20	5	12	12/18	4	12	12	6	15	15	15	15
10.17 Wooden Furniture	5	-	12	12	10	12	7	8	11	8	13	12.5	-	10	14	12	12	5	12	16	3/5	12	12	10	8	12	15	8
10.18 Steel Safes and Mirrahs	10	-	13	13	10	12	14	10	11	10	15	10	-	10	14	10	15	5	12	10	12/6	12	10	10	8/15	12	15	15
10.19 Other Steels Furniture	10	-	12	13	10	12	7	10	11	8	13	12.5	-	10	14	12	15	-	12	16	4	12	10	10	8	12	15	15
10.20 Aluminium Furniture	8	-	7	12	10	12	7	10	11	8	13	12.5	-	10	14	-	15	-	12	16	3/5	12	10	10	8	12	15	15
10.21 Wireless Reception Instruments	10	-	12	10	10	12	18	10	11	10	8	20	-	12	16	10	15	-	6	16	2	12	12	10	3	12	15	11
10.22 Sound Transmitting Equipments	10	-	12	10	10	12	16	10	11	10	20	20	-	12	16	7	15	5	12	18	2	12	12	10	3	12	15	11
10.23 Cinema Equipments	10	-	12	8	10	12	14	10	11	10	15	20	-	12	16	7	15	-	12	18	2	12	12	10	6	12	15	11
10.24 Motor Cycles and Combinations	4	-	12	9	10	3	4	10	11	4	8	4	-	4	16	7	15	5	12	8	3	12	12	3	4	12	12.50	6
10.25 Heavy Motor Vehicles	10	-	8	9	10	3	4	10	11	4	10	15	-	4	4	5	15	5	4	6	1	12	8	2/10	7	8	12.50	6
10.26 Motor Cars	4	-	4	8	8/10	3	4	6	11	4	6	15	-	4	10	5	15	5	4	8	3	5/3.5	10	8/10	5	6	12.50	6
10.27 Lifts Operated by Power	10	-	8	8	10	7	12	10	8	8	10	20	-	-	12	7	15	-	12	16	1	12	10	10	15	-	15	15
10.28 Tyres and Tubes	7	-	12	9	10	4/5	10	10	11	10	13	8	-	7	10	7	12	-	8	12	5	9	12	6	5	12	10	11/8
10.29 Aluminium Wares	6	-	7	8	10	2	1	3	8	8	2	12.5	-	7	7	7	3	-	4	5/22	3/5	7	10	6	4	7	10	8
10.30 Motor Parts	10	-	12	10	10	5	14	10	11	10	13+3	15	-	10	18	7	10	-	8	12	7	10	12	7	8	7	12.50	8
10.31 Fur and its Articles	10	-	7	13	10	7	14	10	11	4	20	0	-	15	16	7	15	-	12	16	3	12	10	10	8	-	15	11
10.32 Tabulating and Calculating Machines	10	-	12	14	10	7	19	10	11	10	20	20	-	12	16	7	20	5	12	16	2	10	12	10	3	12	15	11
10.33 Binoculars and Telescopes	10	-	12	15	10	12	14	10	11	10	13	20	-	15	16	7	15	5	12	16	12	12	10	10	15	14	15	15
10.34 Sewing Machines	8	-	8	8	7	2	5	8	8	8	8	8	-	7	8	7	12	-	6	12	3/5	7	10	5	5	6	10	8
10.35 Vacuum Flasks	9	-	12	16	10	12	12	10	11	8	10	12.5	-	-	16	12	6	-	12	16	3	12	10	10	10	12	15	15
10.36 Playing Cards	10	-	7	13	7	12	14	8	8	8	15	12.5	-	12	12	7	12	-	8	12	3/5	-	10	6	8	10	12.50	8
10.37 Crockery and Cutlery	8	-	7	8	10	12	12	10	11	8	10	12.5	-	7	14	12	10/12	-	8	12	3	12	12/2	6	8	7	12.50	15/8
10.38 Floor and Wall Tiles	4	-	12/8	13	10	5	14	10	11	8	13+3+15	0	-	15	16	7	12	-	12	16	8	12	5	6	15	12	15	15

Table I (Contd.)
Commodity-wise Rates of Sales Tax in the States

	AP	ARN	ASH	BHR	DLI	GOA	GUJ	HAR	HP	J&K	JKH	KER	LD	MHI	MP	MRG	NAR	NIZ	NKA	ORS	POND	PQB	RAJ	SKN	TB	TRI	UP	WB	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
10.39 Arms and Ammunition	10	-	13	10	10	12	14	10	11	30	15	25	-	10	10	7	15	-	12	16	12	12	15	10	15	13	15	11	
10.40 Fireworks	10	-	8	7	10	7	12	8	8	10	15	12.5	-	10	16	12	15	-	8	16	3.5	7	6	6	8	15	15	15	
10.41 Cigarette Cases and Lighters	10	-	12	15	10	12	14	10	11	10	15	20	-	12	16	12	12	-	12	18	12	12	10	10	15	14	10	15	
10.42 Sheets, Cushions and Pillows	10	-	13	10	10	12	18	9	8/11	10	15	15	-	12	16	-	15	-	6	16	3	7	12	10	10	12	15	15	
10.43 Other Rubber Products	9	-	8	10	7	7	18	8	11	8	3/10	10	-	7	10	7	8	-	8	12	3/5	7	10	6	9	8	10	8	
10.44 Pile Carpets	10	-	8	13	10	12	18	10	11	4	15	20	-	15	16	12	15	-	12	16	6	12	8	10	15	12	12.50	-	
10.45 Precious Stones	7	-	8	10	7	7	12	8	8	4	8	12.5	-	15	16	7	12	-	12	16	3	12	8	10	9	12	12.50	-	
10.46 Dry Fruits	8	-	8	9	7	7	13	8	8	8	10	10	-	10	10	-	8	-	8	12	8	3.5	10	8	8	8	12.50	15	
10.47 Dry Cell Batteries	9	-	8	12	5	7	14	8	8	8	13	12.5	-	7	10	7	12	-	8	12	3	2	8	6	9	10	10	8	
10.48 Glass Bangles	8	-	8	8	5	E/7	8	8	8	8	8	8	-	7	-	-	8	-	6	8	8	4	8	6	8	8	10	-	
10.49 Locks and Keys	5	-	8	8	7	7	14	8	8	8	10	10	-	10	12	-	10	-	8	12	3/5	10	10	6	8	8	7.50	8	
10.50 Bedding Stuff with Cotton	10	-	7	7	7	7	-	8	4	8	7	5	-	10	8	-	10	-	6	12	3/5	10	10	6	8	-	7.50	-	
10.51 Musical Instrument	6	-	7	7	7	8	8	8	8	8	3/4	15	-	12	12	-	10	-	6	12	8	8	6	6	8	10	8	8	
10.52 Plastic Goods	9	-	8	8	5/7	7	10	10	8	8	10	8	-	7	12	-	12	-	6	12	3	10	10	6	6	10	10	8	
10.53 Synthetic Nica Products	-	-	7	13	10	7	14	8	11	8	7	8	-	12	4	-	10	-	6	16	3/5	7	4	6	8	12	10	-	
10.54 Air Circulators and Fans	10	-	13	12	10	12	14	10	8	8	10	12.5	-	12	12	-	15	-	12	16	4	12	12	10	10	12	15	11	
11. RAW MATERIALS																													
11.1 Nica	3	-	7	8	1	8	14	8	8	8	13	15+2	-	7	4	-	4	-	6	16	3/5	7	4	6	8	-	3.75	-	
11.2 Manganese	5	-	7	8	7	8	14	8	8	8	13	8	-	7	4	-	4	-	6	16	3/5	7	4	6	8	-	5	-	
11.3 Hides and Skins	4	-	3	4	2	4	4	4	4	4	4	4	-	4	4	4	4	2	4	4	2	2	4	4	4	4	4	5	4
11.4 Coal and Coke (Section 14 of CST)	4	-	4	4	3	4	4	4	4	4	4	4	-	4	4	4	4	2	4	4	2	4	4	4	4	4	4	5	4
11.5 Oil Seeds (Section 14 of CST)	4	-	4	4	3	4	4	4	4	4	4	4	-	8	4	-	4	2	4	4	2	4	4	5	3	-	5	4	
11.6 Jute (Section 14 of CST)	4	-	4	2	3	4	4	4	4	4	4	4	-	8	4	4	4	2	4	4	2	4	8	8	3	-	5	4	
11.7 Cotton Yarn (Section 14 of CST)	4	-	8	7	1	8	4	2	4	8	4	4	-	8	2	-	4	2	4	8	2	2	2.5	-	3	-	2.50	-	
11.8 Cotton Waste	5	-	7	8	5	8	7	4	4	8	8	6	-	8	4	-	4	-	8	12	1	2	4	4	6	-	5	8	
11.9 Iron and Steel (Section of CST)	4	-	4	4	4	4	4	4	4	4	4	4	-	4	4	4	4	2	4	4	3	4	4	4	4	4	5	4	
11.10 Sewing Thread and Balls	5	-	3	2	1	7	2	2	4	8	5	4	-	7	3	-	10	-	6	8	3.5	2	4	6	3	-	2.50	-	
11.11 Cement and its Items	9	-	12	11/8	7	8	15/14	12	8	8	15	5	-	7	12	12	8/10	-	8	12	7/3.5	7	16/12	6	12	7	12.50	8	
11.12 Manure (Organic)	8	-	8	8	8	7	8	8	8	8	3	12.5	-	6	3	-	8	-	6	12	3.5	8	8	6	8	-	8	-	
11.13 Chemical Fertilisers	3	-	8	8	8	1	4.8	8	8	8	3	2.5	-	8	3	8	4	-	8	2	1	8	6	3	3	-	6.25	4	
11.14 Pesticides	4	-	8	4	E/7	7	7	2	8	8	3	2.5	-	8	3	7	8	-	8	8	3.5	2	4	3	3	-	7.50	-	
11.15 Fungicide	4	-	8	4	7	1	7	2	8	8	3	2.5	-	8	8	7	8	-	6	8	3/5	2	4	6	3	-	7.50	-	
11.16 Bamboos	5	-	4	12	7	7	7	8	30	8	8	5	-	7	4	7	8	-	6	10	3/5	7	8	6	5	-	15	8	
11.17 Timber	10	-	8	12	7	7	14	8	30	8	13	5	-	7	18	40	2	-	8	12	8	7	10	6	8	-	15	8	
11.18 Betel Leaves	8	-	7	8	8	8	8	8	8	8	8	8	-	8	8	-	2	-	8	8	8	8	8	6	8	10	8	-	
11.19 Tendu Leaves	6	-	7	12	7	7	8	8	8	8	8	5	-	8	16	-	-	-	16	3.5	8	10	6	8	-	12.50	8		
11.20 Copper Wire	6	-	8	8	7	7	5	8	8	8	10	8	-	7	8	-	4	-	6	12	4	7	4	6	10/8	10	5	8	

Table 1 (Contd.)
Commodity-wise Rates of Sales Tax in the States

	AP	ANDH	ASH	BHR	DLI	GOA	GUJ	KAR	KP	J&K	KYE	KER	LD	MHI	MP	MEG	MAH	MEO	MGA	ORS	POWD	PUN	RAJ	SEN	TN	YRI	UP	WB	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	
11.21 Goat Hair	4	-	7	8	7	7	2	8	8	8	7	5	-	6	8	-	-	-	6	12	3/5	1	4	6	2	-	10	8	
11.22 Raw Wool, Wool Tops and Yarn	4	-	7	8	2/5	7	2	2	8/4	4	5	8	-	4	-	-	4	-	8	12	8	2/8	4	6	2	-	2.50	8	
11.23 Woolen Knitting Yarn	8	-	7	8	2	7	8	4	4	4	7	6	-	4	12	-	10	-	4	12	3/5	2	4	8	8	6	2.50	2	
11.24 Staple Yarn	5	-	7	8	7	7	2	2	4	4	4	2	-	8	3	-	6	-	8	12	1	2	4	8	4	-	2.50	2	
11.25 Non-Ferrous Metals	8	-	7	8	-	7	5	8	8	8	8	8	-	7	8	8	4	-	8	12	3/5	7	10	8	8	-	2.50	8	
11.26 Cotton	4	-	8	1	4	1	4	4	4	8	4	4	-	4	4	8	4	-	-	4	2	4	4	8	3	-	5	8	
12. FUELS ITEMS																													
12.1 Motor Spirits	18	-	12	9	7	15	8	6	5	8	20	25	-	16	18	34	8	8	6	12	9	8	18	8	18	8	8	8	8
12.2 Lights Diesel Oil	12	-	11	14	7	15	6	6	5	8	20	25	-	16	18	15	6	5	8	18	10	7	16	6	18	12	8	12	
12.3 High-speed Diesel Oil	12	-	11	14	7	15	18	8	5	8	20	25	-	16	18	15	8	5	8	18	16	8	18	4	18	12	8	12	
12.4 Aviation Spirits	18	-	25	25	7	15	9	8	5	8	20	10	-	14	16	-	8	-	8	18	8	7	18	8	26	-	8	8	
12.5 Aviation Gasoline	18	-	25	8	7	7	20	8	5	8	26	10	-	14	18	-	8	-	8	12	9	7	18	8	20	-	8	8	
12.6 Aviation Turbine Fuel	18	-	25	8	7	15	23/30	8	5	8	20	10	-	14	16	-	8	-	6	12	9	8	18	8	20	29	8	25/9	
12.7 Crude Oil	14	-	4	4	7	4	8	8	4	4	4	4	-	4	4	1/litres	1	8	6	4	3	7	4	6	1	-	2.50	8	
12.8 Petrol	18	-	12	9	7	15	20	6	5	8	20	20	-	10	18	10	8	-	6	12	11	8	18	3.8	18	12	5	10	
13. LUBRICANTS AND OTHER AIDS TO PRODUCTION																													
13.1 Dyes, Paints and Lacquers	8	-	8	12	7	7	5/10	8	8	8	15	12.5	-	7/10	18	8	12/12/15	-	8	16	3	7	15	10	18	12	15	-	8/11
13.2 Lubricants	10	-	10	9	7	7	14	8	8	8	15	15	-	4	12	15	8	8	6	18	8	7	10	6	10	12	13.5	11	
13.3 Caustic Soda and Soda Ash	5	-	8	7	7	7	8/5	8	8	8	10	10	-	7	6	-	4	-	6	12	5	7	10	6	6	-	10	8	
13.4 Potash and Explosives	5	-	8	8	7	7	14	8	8	8	8	10	-	15	18	-	10	-	6	18	5	7	12	6	8	-	10	8	
13.5 Other Chemicals	5	-	8	8	7	7	8	8	8	8	10	10	-	7	12	-	10	-	8	12	5	7	10	6	8	-	10	8	
13.6 Starches	8	-	7	8	7	7	5	8	8	8	4	4	-	7	4	-	4	-	6	12	3/5	7	10	8	6	-	10	-	
14. MACHINERY OF ALL KINDS																													
	8	-	8	8	7	12	7	8	11/8	8	13	10	-	7	12	7	10	5	-	16	4/3.5	7	10	6	10	10	10	8/4	
15. PACKING MATERIALS																													
15.1 Empty Tins and Empty Barrels	5	-	7	8	7	7	8	8	11/8	4	8	4	-	7	4	-	10	-	6	12	3/5	7	4	6	8/5	8	5	8	
15.2 Wooden Boxes	6	-	7	8	7	7	6	8	8	4	4	4	-	7	4	-	10	-	6	12	3/5	7	4	6	8/5	10	10	8	
15.3 Empty Bottles and Corks	8	-	7	8	7	7	8	10	11/8	8	4	4	-	7	4	-	10	-	8	12	5	7	4	6	10	8	10	8	
15.4 Polythene and Alkaline	8	-	8	8	7	7	8	8	8	8	4	4	-	7	4	-	10	-	6	12	3	7	5	6	2	8	10/13.5	8	
15.5 Bitumen as Packing Materials	5	-	3	8	7	7	14	8	8	4	10	4	-	7	4	-	10	-	8	12	3/5	7	4	6	8	8	10	8	
15.6 Cartons	7	-	3	8	7	7	8	8	8	4	8	4	-	7	4	-	10/4	-	6	12	3/5	7	4	6	5	12	10	8	
16. GENERAL RATE																													
	8	-	7	8	7	7	14	10	8	8	7	5	-	7	8	-	10	-	6	12	3/5	7	10	6	8	-	10	8	

(-) Indicates information not available.

8 Exempt

Andhra Pradesh	Multi point/Single point	7PP, 7SP, aPP, NP
Assam	Single point	aSP
Bihar	Single point	7SP, aSP
Delhi	Single point	7SP, aSP
Goa	Single point	7SP, 7SP
Gujarat	Single point	7SP, aSP, Double-point
Haryana	Single point	7SP, aSP
Himachal Pradesh	Single point	7SP, aSP
Jammu & Kashmir	Single point	7SP, aSP
Kerala	Multi point/Single point	7SP, aPP, NP
Karnataka	Multi point/Single point/ Dual point	7SP, aSP, 7PP, Dual point, NP
Madhya Pradesh	Single point	7SP, aSP
Madharashtra	Single point	7SP, aSP
Manipur	Single point	7SP, aSP, 7PP, aPP
Meghalaya	Single point	aSP
Mizoram	Single point	7SP
Nagaland	Single point	aSP
Orissa	Single point	7SP, aSP
Punjab	Single point	7SP, aPP, 7SP
Pondicherry	Single point	7SP, aPP
Rajasthan	Single point	7SP/Option for second point for manufacturers
Sikkim	Single point	7SP/7SP
Tamil Nadu	Single point	7SP/7PP/aPP
Tripura	Single point	7SP
Uttar Pradesh	Single point	7SP/aSP
West Bengal	Single point	aSP/NP

Table 2
Structure of Additional Sales Tax/Surcharge
and Turnover Tax in the States

State	Additional Sales Tax		Surcharge		Turnover Tax	
	Rate (%)	Turnover Limit (lakh)	Rate (%)	Turnover Limit (lakh)	Rate (%)	Turnover Limit (lakh)
1	2	3	4	5	6	7
1 Andhra Pradesh	0.5 1.0 1.5	3-50 50-100 100	10	On ST	0	0
2 Arunachal Pradesh	NA	NA	NA	NA	NA	NA
3 Assam	0	0	0	0	0	0
4 Bihar	2	TO of every PD	5	10	0	0
5 Delhi	0	0	0	0	0	0
6 Goa	10	20	0	0	0	0
7 Gujarat	20	On ST payable	0	0	1% of 50 lakh + 1.50 lakh + 1.25% of 200 lakh + 4 lakh + 1.5% of 400 lakh	50 200 400
8 Haryana	0	0	10	On ST	0	0
9 Himachal Pradesh	0	0	10	On ST	0	0
10 Jammu & Kashmir	0	0	5	On ST	0	0
11 Karnataka	0	0	0	0	1.25 2	10 - 200 200 - 500 and above
12 Kerala	25	On ST payable	5 8	1 - 10 above 10	0.5	TO other than TTD
13 Lakshdeep Islands	0	0	0	0	0	0
14 Manipur	0	0	0	0	0	0
15 Madhya Pradesh	0	0	0	0	0	0
16 Meghalaya	0	0	0	0	0	0
17 Maharashtra	12	10	0	0	1.25	12
18 Mizoram	0	0	0	0	0	0

Sales Tax Systems in India: A Profile

Table 2 (Contd')
Structure of Additional Sales Tax/Surcharge
and Turnover Tax in the States

State	Additional Sales Tax		Surcharge		Turnover Tax	
	Rate (%)	Turnover Limit (lakh)	Rate (%)	Turnover Limit (lakh)	Rate (%)	Turnover Limit (lakh)
1	2	3	4	5	6	7
19 Nagaland	NA	NA	NA	NA	NA	NA
20 Orissa	0	0	10	10	0	0
21 Pondicherry	0	0	0	0	0	0
22 Punjab	10	Every dealer liable to pay tax	0	0	0	0
23 Rajasthan	0	0	0	0	0	0
24 Sikkim	0	0	0	0	0	0
25 Tamil Nadu	1.25 1.50 2.00 2.25 2.50	10-40 40-1cr. 1 cr.-5cr. 5 cr.-10cr. 10 cr. above	15	On tax by every dealer	0	0 - 0
26 Tripura	0.25	10	0	0	0	0
27 Uttar Pradesh	25	Every dealer	0	0	0	0
28 West Bengal	15	On ST	0	0	0.05 1.00 1.50 2 - 500 and above	25 - 50 50 - 100 100 - 500

Sales Tax Systems in India: A Profile

Table 3
Sales Tax Rates on Goods used as
Raw Materials by Manufacturers
in the States of India

States	Rate (%)
1 Andhra Pradesh	4
2 Arunachal Pradesh	0
3 Assam	0
4 Bihar	3
5 Delhi	0
6 Goa	0
7 Gujarat	Set off on purchase
8 Haryana	0
9 Himachal Pradesh	0
10 Jammu & Kashmir	0
11 Karnataka	4
12 Kerala	2
13 Lakshdweep Islands	0
14 Manipur	0
15 Madhya Pradesh	4
16 Meghalaya	Set off on purchase
17 Maharashtra	2
18 Mizoram	0
19 Nagaland	0
20 Orissa	4
21 Pondicherry	1.5
22 Punjab	0
23 Rajasthan	Nil to 4
24 Sikkim	0
25 Tamil Nadu	3
26 Tripura	Set off
27 Uttar Pradesh	Exempt (Notified Goods) and 4 %
28 West Bengal	2

Sales Tax Systems in India: A Profile

Table 4
Minimum Turnover Level for Registration and
the Point of Levy in the States

State	Contractors	General	Manufacturers	Importers	General Point of levy
1	2	3	4	5	6
1 Andhra Pradesh	No TO	No limit/2 lakhs	-	-	FSP, FPP, LSP
2 Arunachal Pradesh					
3 Assam		20000	No limit	No limit	FSP or LSP
4 Bihar	25000	100000	No limit	No limit	FSP & LSP
5 Delhi		100000	30000	No limit	FSP
6 Goa		50000	10000(1500)	20000(1500)	LSP
7 Gujarat		200000	75000	75000	FSP & LSP dual point
8 Haryana		100000	100000	Irrespective of TO	FPP or TSP
9 Himachal Pradesh		300000	40000	No TO limit	FS
10 Jammu & Kashmir		No limit			FS & LS
11 Karnataka	200000	200000	100000	100000	FS, LS, FPP LPP & MP
12 Kerala		100000			FS, LP & MP
13 Lakshdeep Islands					
14 Manipur		30000	Irrespective of TO		FS or LS
15 Madhya Pradesh	50000	100000	20000	10000	FS or LS
16 Meghalaya		20000			LSP
17 Maharashtra		125000	50000	50000	FSP
18 Mizoram	200000	20000			FSP
19 Nagaland		20000	5000	5000	FS or LS
20 Orissa		200000			FS or LS
21 Pondicherry		100000	40000	No limit	FS of FP
22 Punjab		100000			LPS or P
23 Rajasthan		100000	50000	50000	FS
24 Sikkim		Irrespective of TO			FS or LS
25 Tamil Nadu	40000	75000			FS
26 Tripura		Irrespective of TO			FS
27 Uttar Pradesh		1,50,000	100000	Irrespective of TO	FSP or LSP
28 West Bengal		200000	50000 100000	20000	LP with MP FSP

Table 5
First and Second Appellate Authority
in the States

State	Assessing Authority	Appellate Authority	
		I APP	II APP
1	2	3	4
1 Andhra Pradesh	ACTO, CTO, DCTO	DC(APP)	Appellate Tribunal
2 Arunachal Pradesh			
3 Assam	Supdt. of Taxes	AC(APP)	Board of Revenue or Commissioner
4 Bihar	CTOs, ACCTS, DCCT	JCC1(APP)	Appellate Tribunal
5 Delhi	ASTOs, STOs, ACs	DC(APP) Addl. Comr. & Comr.	Appellate Tribunal
6 Goa	ASTOs, STOs	ACCT(APP)	Appellate Tribunal
7 Gujarat	STOs, ACs	ACCT(APP) DCCT(APP)	Appellate Tribunal (on the order of DCs-I)
8 Haryana	ETOs, AETOs, DETCs	DETC, Comr.	Appellate Tribunal (on the order of Cs-1)
9 Himachal Pradesh	ETOs, ETIs		
10 Jammu & Kashmir	STOs	DCr	DCr
11 Karnataka	ACTOs, CTOs, ACCTs	ACCT(APP) DCCT(APP)	Appellate Tribunal
12 Kerala	STOs, ACCTs	ACCT(APP) DCCT(APP)	Appellate Tribunal
13 Lakshdeep Islands			
14 Manipur	Cs, ACs		
15 Madhya Pradesh	STOs, ASTOs, ASTOs	DC(APP)	Appellate Tribunal
16 Meghalaya	Supdt. of Taxes	AC(APP)	
17 Maharashtra	STOs (I&II) ACs	AC(APP) DC(APP)	Appellate Tribunal
18 Mizoram	Supdt. of Taxes	AC(APP)	Board of Revenue
19 Nagaland	Supdt. of Taxes	AC(APP)	
20 Orissa	CTO, ACTOs	AC(APP)	Appellate Tribunal
21 Pondicherry	CTO, ACTOs		
22 Punjab	ETOs	DETC(APP)	Appellate Tribunal
23 Rajasthan	CTO, ACTOs	DC(APP)	Appellate Tribunal
24 Sikkim			
25 Tamil Nadu	CTO, DCTOs, ACS	DCCT(APP)	Appellate Tribunal
26 Tripura	Supdt. of Taxes	AC(APP)	Appellate Tribunal
27 Uttar Pradesh	STOs (I&II), ACs	AC(JUD) DC(APP)	Appellate Tribunal
28 West Bengal	CTO, ACs	AC(APP)	WB Commercial Taxes Tribunal

Sales Tax Systems in India: A Profile

Table 6
Periodicity of Filing Sales Tax Returns
in the States

State	Periodicity of return	Turnover levels for Col.2 (Rs.)	Tax liability limit for Col.2 (Rs.)
1	2	3	4
1 Andhra Pradesh	Monthly, Annual	100000	12000
2 Arunachal Pradesh			
3 Assam	Quarterly	20000	
4 Bihar	Quarterly	100000	
5 Delhi	Monthly, Annual	100000	
6 Goa	Quarterly	50000	
7 Gujarat	Quarterly, monthly annual	500000 less than 500000	10000 to 20000
8 Haryana	Quarterly	100000	
9 Himachal Pradesh	Quarterly, monthly	100000	
10 Jammu & Kashmir	Quarterly, annual	100000	
11 Karnataka	Monthly, annual	200000	
12 Kerala	Quarterly, monthly	100000	
13 Lakshdeep Islands			
14 Manipur			
15 Madhya Pradesh	Quarterly	100000	
16 Maharashtra	Quarterly, monthly annual	125000	5000 to 20000
17 Meghalaya	Quarterly	20000 200000	
18 Mizoram	Quarterly	20000	20000
19 Nagaland	Quarterly	50000 to 20000	5000 to 20000
20 Orissa	Quarterly, monthly	200000	
21 Pondicherry	Monthly, annual	100000	
22 Punjab	Quarterly, annual	100000	
23 Rajasthan	Quarterly	100000	
24 Sikkim	Quarterly		
25 Tamil Nadu	Monthly, annual	100000	
26 Tripura	Quarterly		
27 Uttar Pradesh	Quarterly, monthly	150000	
28 West Bengal	Quarterly, monthly	20000 to 200000	12000

Table 7
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	%age of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
ANDHRA PRADESH										
Deferment	Payment of tax deferred	5	New	a) L & M indus- trial unit with an in- vestment of Rs 10 crore.	Intensive development areas	15	100.00	30.00	After 5 yrs. of commencement of production in 5 equal instal- ments without interest	Industrially backward areas have been divided into two categories, (i) inten- sive industrial development areas, and (ii) identified growth areas.
				b) Others		15	100	20.00	-do-	
			New	All sizes	Identified growth areas	15	500	10.00	-do-	
ASSAM										
i) Exemption	No tax pay- able on purchase of M.	5	New	SSI	All areas	10 to 45 lakh			Existing industries as on 15.10.1982 are not eligible for this concession.	
BIHAR										
i) Exemption	No tax pay- able on purchase of raw material	5	New	All sizes	All areas	--	--	--	--	--
ii) Loan (interest free)	Loan equal to ST and CST paid	5 to 7	New	SSIs and tiny units	In no industry Districts	--	100	--	After 5 yrs. from commence- ment of produc- tion in 5 equal	

Table 7 (Contd.)
Incentive Schemes for Industries Under Sales Tax in Selected States

STATE/ Type of incentive	Operational features	Duration (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Age of fixed capital investment	Overall monetary limit (Rs lakh)	Yearly monetary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
				L & M industrial units	All areas	10	25.00	--	-do-	The overall limit of loan in respect of large and medium industrial units located in A category districts is Rs 30 lakh.
iii)	Deferment of tax 5 to 7			L & M industrial units	All areas					
GUJARAT										
i) Exemption	No tax payable on purchase of raw material and sale of finished goods	9, 7, 8, 5 depending on location of the unit in category I, II, III or IV areas respectively.	New	SSIs	Cat. I, II, III and IV areas	100, 95, 80 and 50 respectively depending on the area in which the unit is located	--	--	--	--
				L & M industrial units	-do-	90, 80, 60 & 40	--	--	--	--
			Expansion of existing units	SSIs	-do-	100, 90, 80 & 40	--	--	--	--
				L & M industrial units	-do-	80, 70, 50 & 30	--	--	--	--
ii) Deferment	Payment of sales tax deferred	9, 7, 8 & 5 depending on the location of the unit in category I, II, III or IV areas	New	SSIs	Categories II, III and areas	90, 85, 55 & 45 respectively depending on the location of the unit	--	--	Recovery of tax in six equal instalments without interest	a) An industrial unit may opt either for exemption or deferment. b) Areas are categorised as I, II, III and IV according to their industrial backwardness c) For pioneer units the areas are divided into A and B categories. Exemption/deferment incentives are available for 14 and 12 years
				L & M industrial units		75, 65, 45 & 30 respectively depending on the location of the unit.	--	--		
Goa	There is a new scheme called 'Sales Tax Deferment-cum-Interest free sales tax loan scheme' for the new Industries.	15 years for SSIs 12 years for L & M industrial units	New	SSIs						
	Payment of sales tax exempted		New	L & M industrial units						

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility conditions			Age of fixed capital invest- ment	Ceiling on benefits available		Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area		Overall limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
	Interstate Loan	10 yrs. 5 yrs.	New New	SSI MSI LSI	Anywhere in Goa	100 % 75 % Rs. 100 lakhs			Recovery of the loan SSI-5 equal instalment of st- arting from 10th year and for the MSI to LSI from the 5th year of first-disburse- ment of loan.	respectively depending on whether the unit is located in category A or B area.
			Expansion of existing units	SSIs		85, 75, 45 & 30 respectively de- pending on the location of the unit	--	--		
				L & M indust- rial units		85, 55, 35 & 30 respectively de- pending on the location of the unit	--	--		
HARYANA										
i) Exemption	No tax payable on purchase or sale of plant & machinery, raw material, pack- ing material and finished goods	2	New	Tiny	All areas	--	--	--		
ii) Deferment	Payment of ST and CST deferred	9, 7, 5 years, depending on the location of the unit in Zone A, B or C.	New	All sizes	Zone A Zone B Zone C	90 60 30	450.00 300.00 150.00		Tax is payable 5 years after the year in which it became due.	a) Zones have been classified according to industrial back- wardness of the areas. b) Pioneer and prestigious units are eligible to the benefit of deferment upto 100% of the amount of fixed capital investment or Rs 5 crore, whichever is less.

Table Y (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility condition:			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	% of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
<p>WEST BENGAL</p> <p>c) Units set up under Rural Industries Scheme are entitled to sales tax exemption for 2 years. d) Interest-free CST loan can also be availed by industrial units set up in certain specified areas which is repayable after 5 years.</p>										
i) Exemption	No tax on sale of finished goods liable to less than 7% tax. Goods taxable at 7% taxed at 2% for first 5 years and at 4% for the next 5 years. Goods liable to tax at more than 7% taxed at 3% and 5% respectively during the first 5 years and next 5 years.	10	New	SSIs	All areas	--	--	--	--	--
ii) Loan (interest-free)	Loan equal to CST paid	3	New	L&M industrial units i) Capital investment upto Rs 50 lakh	All areas	--	--	--	After 5 years from date of disbursement of loan	

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incentive	Operational features	Duration (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Age of fixed capital investment	Overall monetary limit (Rs lakh)	Yearly monetary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
				ii) Capital investment exceeding Rs 50 lakh but not exceeding Rs 1 crore		5	--	--	In 5 equal instalments. -do-	
iii) Concession rate of 2% no tax on rawmaterials	For certain entrepreneurs manufacturing for sale in A.P. or out side	10 years	Both							This concession applies only to certain industries like Agriculture based, electronic, herbal produce, wool based and sericultmed based.
JHARKHAND AND KASHMIR										
i) Exemption	a) No tax on purchase of raw material and machinery b) No CST on import of machinery and raw material from other States	--	New	SSIs	All areas		--	--	--	Large, medium and small-scale units manufacturing electronic goods and precision instruments fully exempted from payment of GST for the first 5 years. Thereafter exemption upto 75% and 25% is available for the next 3 years and 2 years respectively.
ii) Loan (interest-free)	Loan equal to GST/CST collected	10	New	SSIs	All areas		--	--	10 yrs including moratorium of 3 years.	
	Loan equal to 100% (first 5 yrs), 75% (next 3 yrs.) & 25% (next 2 yrs) of GST & CST collected			L & M industrial units			--	--	10 yrs after a moratorium of 7 years.	
(However, Govt. is considering granting of exemption for all the industries for a further period of 5 years.)										

Table 7 (Contd.)
Incentive Scheme for Industries under Sales Tax in Selected States

STATE/ Type of incentive	Operational features	Duration (years)	Eligibility conditions			Ceiling on benefits available		Period of recovery of loan/deferred tax	Remarks	
			New/existing unit	Size/investment in fixed assets	Location/area	Age of fixed capital investment	Overall monetary limit (Rs lakh)			Yearly monetary limit (Rs lakh)
1	2	3	4	5	6	7	8	9	10	11
KARNATAKA										
i) Exemption	No tax on sale of finished products of the unit	5	New/expansion of existing units	i) Tiny units	Zones II, III & IV	100	--	--	--	
			New	ii) SSIs with investment upto Rs 2 lakh	Cities with population exceeding 50000	100	--	--	--	
ii) Loan (interest-free)	a) Loan equal to sales tax paid on sale of finished goods	3	New	L & M industrial units	Backward areas	--	50.00 or development loan availed, whichever is less	--	10 equal bi-annual instalments with an initial moratorium of 2 yrs from the date of disbursement of loan.	a) Zones have been classified according to industrial backwardness of the areas
	b) Loan equal to ST & CST paid by the unit on sale of finished goods to acquire plant and machinery, raw material, etc.	5	New/expansion of existing units	SSI's	Zones II, III and IV	25	Amount of development loan availed	--	10 equal bi-annual instalments	
Another new scheme introduced in October 1990 offers further concessions to units falling under thrust sectors 100 per cent export oriented units specified in zones, units which are agro-based in nature and electronics sectors etc.										
Exemption	Tax payable exempted under the State Act and Central Sales Tax Act	3, 5, 3, 4, 5, and 6, 3 and 6	New	Tiny/SSI/M & L Scale Units	Zone II, III and IV					Tax payable by new industrial units situated in Zone II, III, and IV, Tiny/SSI/M & L Industrial units in thrust sector situated in Zone I, those situated in Zone II, Tiny/SSI engaged in

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Capex of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mono- etary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
<p>KARNATAKA</p> <p>i. Exemption 7 New and existing SSI,s</p> <p>ii) Concessional sale of Tax at 2% on its sales 7 L & M scale All industries Not to exceed 100% of the fixed capital investment For new H & L units equal mon- thly instalment over a period of 5 years from the 11th year of the date of commercial production with simple interest of 15% P.A. For existing units exemption or deferral does not exceed 100% of additional fixed capital investment made for expansion.</p> <p>iii) Deferment of taxes 10 H & L scale other than public sector</p> <p>MADHYA PRADESH</p> <p>i) Exemption No ST/CST payable on sale of finished goods 2-1 yrs. depending on location of the unit New All sizes Part I and Part II 100% up to 10 lacs 1) The benefit is limited to 90% of the investment in fixed capital assets in the case of industrial units with an investment upto Rs 10 lakh. 2) In respect of precision units and certain other specified units the duration of the benefit extends to 11 years.</p>										

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	% of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
ii) Deferment	Payment of tax deferred for 10 years.		a) New b) Expansion of existing units	L&N industrial units involving Rs 1 crore and above		-- --	-- --	-- --	After 10 years -do-	Eligible industrial units may choose to avail either exemption or deferment.
MAHARASHTRA										
a. Incentive Scheme (Part I)										
i) Exemption	No ST/CST payable on purchase of raw material and sale of finished goods.	3-7 depend- ing upon the location of the unit)	New	SSIs	Group B, C & D areas	100	--	--	--	a) Classification of areas as Group A, B, C & D is according to their industrial backwardness. b) Choice of exemption/deferment is optional and a dealer can choose only one of them.
ii) -do-	-do-	3-9 (-do-)		L & N indus- trial units	Group B, C & D areas and pioneer units	75-90	--	--	--	
iii) Deferment	Payment of ST/CST deferred	3-12		SSIS	Group B, C & D areas	100	--	--	After 10 years	
MAHARASHTRA										
Exemption	No ST/CST payable	5 years		Industrial Unit						
iv) Deferment	Payment of ST/CST deferred	3-7		L&N indus- trial units	-do-	75-90	--	--	-do-	
B. Incentive Scheme (Part II)										
Deferment	Payment of tax deferred	3-9 de- pending on loca- tion of unit in Group B, C, D areas	Expansion of existing unit	-do-	Group B area Group C area Group D area	25 30 35	3 yrs ST paid or Rs 50 lakh which- ever is less 4 yrs ST paid or Rs 75 lakh which- ever is less 5 yrs ST paid or Rs 100 lakh which- ever is less	--	After 12 years	a) Incentives under Part II can be availed only if Part I incentives are not availed.

Table 7 (Contd.)
Incentive Schemes for Industries Under Sales Tax in Selected States

STATE/ Type of incentive	Operational features	Duration (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Age of fixed capital investment	Overall monetary limit (Rs lakh)	Yearly monetary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
					Pioneer units	90			6 yrs ST paid or Rs 150 lakh whichever is less	
C. Incentives applicable to Electronic Industrial Units										
	Loan (interest-free) or deferment (at the option of the assessee) equal to tax payable in respect of purchase of raw material and sale of finished goods	7	New	SSIs	Group I, II, III and IV areas	100	--	--	--	Classification of areas as Group I, II, III and IV according to industrial development of the areas.
				L & M industrial units	Group II, III and IV areas	85, 90 & 100	--	--	--	
ORISSA										
i) Deferment	Payment of tax on sale of finished products deferred	5	New	L & M industrial units	Zones B & C	--	--	--	From 6th year of deferment for each year	
	-do-	7			Zone A	--	--	--	From 8th year of deferment for each year	
ii) Exemption	No tax payable on sale of finished goods	3			Zones B & C	--	--	--	--	
	-do-	5			Zone A & B	--	--	--	--	
iii) Exemption	No tax payable on purchase of raw material and sale of finished goods	5		SSIs, village and cottage industries	All areas	--	--	--	--	a) Exemption from sales tax can be availed only if deferment is not claimed b) Classification of zones in accordance with industrial backwardness of the areas.
PONDICHERY										
Exemption	ST/CST payable	5 to 7 years	SSI							Exemption for first 5 years, under both ST and CST; 30 per cent for further period of 7 years and 25 per cent for next 7 years are only for CST

Table (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of Incentive	Operational features	Duration (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Rate of fixed investment	Overall monetary limit (Rs lakh)	Yearly monetary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
PUNJAB										
Concessional rate of tax	ST/CST payable at 1%	6, 5, 4, depending on the location of the unit in Zone A, B or C	New	SSIS	Zone A Zone B Zone C	100 80 50	--	--	--	a) Benefit is not available to specified industries. b) Classification of A, B & C Zones according to industrial backwardness of the areas.
				L & M industrial units	Zone A Zone B Zone C	40 30 30	--	--	--	
RAJASTHAN										
Exemption (1987 Scheme)	No ST/CST payable on sale of finished goods	7, 5 depending on whether the unit is located in category I or II areas	New	SSIs	Category I and II areas	100/90	400.00	--	--	Under the 1985 scheme interest-free ST loan was also paid equal to sales tax paid to small, medium and large industries for 5 years.
			New	L & M industrial units		10/75		--	--	Classification of areas as category I & II according to industrial backwardness of the areas.
			Expansion of existing units	SSIs		10/75		--	--	
				L&M industrial units		10/65		--	--	
Deferment (1989)	Tax collected not deposited with the Deptt.	7-11	New			75%				Tax to be paid in 10 equal half yearly instalments
In the new scheme exemption upto 90 per cent to 75 per cent to prestigious, very prestigious, small, medium and large scale industries for 9 to 11 years, 7 to 9 years and 5 to 7 years, respectively, is granted.										
SIKKIM										
	No ST/CST payable on their sales	5	New	SSI units						
TAMIL NADU										
Loan (interest-free)	Loan equal to amount of sales tax paid each year	6	New	L & M industrial unit	All areas		100.00	20.00		After 9 years from the date of disbursement, in six equal annual instalments.

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Value of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
	-do- Loan equal to amount of sales tax paid in 3 years prior to year of applica- tions	6 3	New Expansion of existing units	SSIs L & M indus- trial units/ SSIs		20 25	-- 50.00	4.00 --	-do- After 6 years from the date of dis- bursement in 3 equal instalments.	
TRIPURA	No SI/CSF pay- able on their sales	5	New				--	--	--	
UTTAR PRADESH										
i) Exemption	No SI/CSF pay- able on sale of finished goods, no tax payable on purchase of raw materials by specified industries	3, 6, 5 depend- ing on location of the unit in category A, B or C dis- tricts.	New	Handicraft, Handloom and SSIs	Category A, B and C districts.	--	--	--	--	a) Duration of both types of benefits is 6, 4, 3 years respectively for SSIs having investment not exceeding Rs 3 lakh. b) A unit may claim either the benefit of exemption or of deferment. c) Classification of areas as areas A, B and C according to their indus- trial backwardness.
ii) Deferment	Payment of tax deferred					--	--	--	After 7 years.	
WEST BENGAL										
Loan (interest- free)	a) Loan equal to amount of sales tax paid each year	5, 10, 7 depend- ing on the lo- cation of the unit	New	All sizes	Group A Group B (category I) Group B (category II) areas	--	--	5% of the value of fixed assets	After 10 yrs. from the date of first dis- bursement of loan, in 3 equal annual instal- ments.	a) Classification of areas as Group A, Group B (category I) and Group B (category II) according to industrial development of the areas

Table 7 (Contd.)
Incentive Scheme for Industries Under Sales Tax in Selected States

STATE/ Type of incen- tive	Operational features	Dura- tion - (years)	Eligibility conditions			Ceiling on benefits available			Period of recovery of loan/ deferred tax	Remarks
			New/existing unit	Size/investment in fixed assets	Location/area	Rate of fixed capital invest- ment	Overall monetary limit (Rs lakh)	Yearly mone- tary limit (Rs lakh)		
1	2	3	4	5	6	7	8	9	10	11
	b) Loan equal to sales tax paid in 3, 5, 5 years pre- ceding the date of application for the new project or loan equal to sales tax paid during a period of 5, 10 & 7 years after the commen- cement of commer- cial production of the new project.	--	Expansion of existing project	All sizes	Group A Group B (Cat. I) Group B (Cat. II) areas	B M P	--	--	-do-	

Abbreviations

ST	Sales Tax.
CST	Central Sales Tax.
SSIs	Small Scale Industrial Units.
L & M	Large and Medium Industrial Units.

Source: PHD Chamber of Commerce and Industry, Opp. Asian Games Village, New Delhi-110 016. Central and State Government Incentives for Industrial Development, 5th Edition; April, 1988

Table 8
Taxation of Works Contract in the States

States	Meaning	Types of Jobs included	Threshold of Taxation			Treatment of tax our charges		
			TO	Type of WC	Rates	Whether deductible	If compos- tion benefit	Labour charges as %age if value of the contract which is deductible
1	2	3	4	5	6	7	8	9
1 Andhra Pradesh	Any agreement for carrying out for cash or for deferred payment or for other valuable consideration, the construction, fitting out, improvement or repair of any building, road, bridge or other immovable property or the fitting out improvement or repair of any moveable property.	Civil works, and all other works involving improvement or repair of any moveable property	No fixed limit	Civil works and works involving repair of any moveable property	-	Yes	-	-
2 Arunachal Pradesh								
3 Assam	Any agreement for carrying out or executing for cash, deferred payment Construction or the assembling, fabrication, installation, repair, fitting out, altering or ornamenting blending, finishing, improvement processing, treating or adapting any immoveable property whether attached to any immoveable property or not and includes or Sub-Contract for carrying out or executing whole or any part of such work in the State.	Civil works, assembling, fabrication, installation, repair, fitting out, altering ornamenting blending, finishing, improving, processing, treating or adapting any immoveable property whether attached to any immoveable property or not	No fixed limit	As to Col. 3	4%	No	-	Labour charges as a percentage of value of contract is deductible.

Table B7 (Contd.)
Taxation of Works Contract in the States

States	Meaning	Types of Jobs included	Threshold of Taxation			Treatment of tax our charges		
			₹	Type of WC	Rates	Whether deductible	If compos- tion benefit	Labour charges as %age if value of the contract which is deductible
1	2	3	4	5	6	7	8	9
4 Bihar	Same as in sl. no. 1 at col. 2	Building, bridge or other immoveable and moveable property	25000	-	4%	Yes	-	At rate ranging from 10 to 100%
5 Delhi	-	-	-	-	-	-	-	-
6 Goa	Transfer of property in goods which has not suffered tax at any point in Goa (whether as goods or in some other form) involved in the execution of works contract.	-	10000/ 20000/ 50000	-	As per rates prescribed in the Act.	-	-	-
7 Gujarat	Same as in sol. no. 1 at col. 2	Building, bridge or other immoveable and moveable property	Not specified	-	Prevalent rates of ST applied	Deductible	Yes @ 2%	-
8 Haryana	Same as in sol. no. 1 at col. 2	Building, bridge or other immoveable and moveable	1/2%	-	Rates applicable to goods	-	Yes	-
9 Himachal Pradesh	-	-	-	-	-	-	-	-
10 Jammu & Kashmir	Same to include works contract	-	-	-	-	-	-	-

Table 8 (contd.)
Taxation of Works Contract in the States

States	Meaning	Types of Jobs included	Threshold of Taxation			Treatment of tax our charges		
			Rs.	Type of WC	Rates	Whether deductible	If composi- tion benefit	Labour charges as %age if value of the contract which is deductible
1	2	3	4	5	6	7	8	9
11 Karnataka	Sale to include works contract	Civil works electrical works interior deco- ration bus body building and altogether there are 29 types of works contracts	2 lakhs	12 types of works contract specified	4% to 13%	Deducti- ble as specified in IS? Rules	Composi- tion benefit is available	At rates 15 to 30%
12 Kerala	Same as in sl. no.1 at col. 2	The construction fitting out, improvement or repair of any movable property	2 lakhs	12 types of works contract specified	5%	Deducti- ble		
13 Manipur								
14 Maharashtra	Means a contract for carrying out any of the works specified in the schedule and includes a contract or a subcontract whether executed, abandoned or terminated before comple- tion and also includes a subcontract for any such works and sale price means purchase price or payable in respect of purchase of goods where are either used applied or appro- priated in execution of works contract.	Fabrication, construction and installation	2 lakhs	12 types of works contract specified	4% on declared goods 8% on other goods	Deducti- ble		
15 Madhya Pradesh	Works contract as deemed sale	Same as above	5 lakhs	As in col.3	10%	Deducti- ble		

Table 8 (Contd.)
Taxation of Works Contract in the States

States	Meaning	Types of Jobs included	Threshold of Taxation			Treatment of tax our charges		
			To	of	Rate	Whether deductible	If exempt- tion benefit	Labour charges as %age if value of the contract which is deductible
1	2	3	4	5	6	7	8	9
16 Mizoram	Definition of sale has been enlarged to cover sale of good whether as goods or in some other form	Preparation, construction, fitting out, improvement or repair of any moveable property or of any building, road, or other immoveable property	-	in 101.3	5%	Deductible	-	-
17 Meghalaya	Sale price includes the amount payable to a dealer as valuable consideration for the carrying out of any contracts less cost of labour used in carrying out such contract	-	-	-	-	Deductible	-	-
18 Nagaland	-	-	-	-	-	-	-	-
19 Orissa	As in Maharashtra	Building, construction manufacturing, processing, fabrication, erection, fitting out, installation	50000	Not specified	4%	Deductible	-	Not specified
20 Punjab	Definition of sale is enlarged to include works contract	-	-	-	-	-	-	-
21 Pondicherry	-	-	-	-	-	-	-	-

Table 8 (Contd.)
Taxes on Works Contract in the States

States	Meaning	Types of works included	Threshold of Taxation			Treatment of tax our charges		
			TO	Type of WC	Rates	Whether deductible	If compos- tion benefit	Labour charges as %age if value of the contract which is deductible
1	2	3	4	5	6	7	8	9
22 Rajasthan	Sale to include works contract purely of labour or service	Improvement, re- furbishment, or commissioning	-	-	-	Yes	Yes for civil works	Deductible/also allowable at percentage basis as the case may be.
23 Sikkim	-	-	-	-	-	-	-	-
24 Tamil Nadu	Sale to include works contract	Works contract specified in the schedule	50000	On works contract specified in the schedule	Differ- ent rates	Deducti- ble	-	-
25 Tripura	-	-	-	-	-	-	-	-
26 Uttar Pradesh	As in sl. no. 14 at col.2	Repair, improve- ment etc. of any immovable property	1 lakh	At the rates prescribed by notifi- cations	Not exceeding 15%	-	-	-
27 West Bengal	As in sl. no. 14 at col.2	Construction, fitting out, improvement, repair, installation	2 lakh	Works contract building road bridge machinery affixed to building immovable property and moveable property	4% on net SP	Deducti- ble	-	-

Table 9
Taxation of Transfer of Right to Use Goods

States	Meaning	Types of leasing	Threshold of Taxation	
			TO	Rates
1	2	3	4	5
1 Andhra Pradesh	Transfer of right to use any goods for any purpose, whatsoever, whether or not for a specified period for cash or deferred payment or other valuable consideration	NA	-	5%
2 Arunachal Pradesh	-	-	-	-
3 Assam	Transfer of right to use any goods to any other person for any purpose, whether or not for a specified period, for cash, deferred payment or other valuable consideration	-	-	-
4 Bihar	Transfer of right to use any goods to any other person for any purpose, whether or not for a specified period, for cash, deferred payment or other valuable consideration	-	Not specified	Not specified
5 Delhi	-	-	-	-
6 Goa	Same as in sl.no.1 col.2	Goods mentioned in Schedule VII at 3%	10000/20000/50000	-
7 Gujarat	Same as in sl.no.1 col.2	Goods mentioned in Schedule IV, i.e., leasing of Shamiana, Furniture etc.	-	-

Table 9 (Contd.)
Taxation of Transfer of Right to Use Goods

States	Meaning	Types of leasing	Threshold of Taxation	
			TO	Rates
1	2	3	4	5
8 Haryana	Same as in sl.no.1 col.2	Leasing of tents, tenements chholdari, crockery, utensils, furniture and all other goods dealt by the tent dealer and all other allied dealers for decoration and lighting purposes	-	At normal rate applicable to particular class of goods
9 Himachal Pradesh	NA	NA	NA	NA
10 Jammu & Kashmir	-	-	-	-
11 Karnataka	Same as in sl.no.1 col.2	Leasing of machinery cars, videos, horses telephones, etc. mentioned under Schedule VII of the act	1 lakh	5%
12 Kerala	-	-	-	-
13 Manipur	-	-	-	-
14 Maharashtra	Transfer of right to use any goods for any purpose (whether or not for a specified period) for cash deferred payment or other valuable consideration	Leasing of TVs, video-casette recorder etc.	50000	4% MP (maximum upto 15%)
15 Madhya Pradesh	-	-	-	-

Table 9 (Contd')
Taxation of Transfer of Right to Use Goods

States	Meaning	Types of leasing	Threshold of Taxation	
			TO	Rates
1	2	3	4	5
16 Mizoram	Transfer of right to use any goods. Period not mentioned for cash, deferred payment or other valuable consideration	Leasing of VCRs, video camera etc.	-	5%
17 Meghalaya	-	-	-	-
18 Nagaland	-	-	-	-
19 Orissa	-	-	-	-
20 Punjab	-	-	-	-
21 Pondicherry	-	-	-	-
22 Rajasthan	Same as in sl.no.15 of col.2	Video cassettee, VCRs, AC equipment, all types of other accessories, tent houses	-	6% to 10% (However to begin with a lumpsua yearly fee of Rs.2500 and 500 isleviedon owners of Tent Houses depending upon their being Income taxpayers otherwise
23 Sikkia	-	-	-	-
24 Tamil Nadu	A transfer of right to use goods for any purpose for cash, deferred payment or other valuable consideration	-	-	-

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Table 9 (Contd')
Taxation of Transfer of Right to Use Goods

States	Meaning	Types of leasing	Threshold of Taxation	
			TO	Rates
1	2	3	4	5
25 Tripura	-	-	-	-
26 Uttar Pradesh	Transfer of right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration		1 lakh	4%
27 West Bengal	Same as above	Video cassette tapes etc.	-	4% to 20%