

APPENDIX TO CHAPTER III

ASSAM

Assam has two sales tax statutes. One is the Assam Sales Tax Act, 1947, and the other is the Assam Finance (Sales Tax) Act, 1956.

The first comprises all the commodities except those notified by the Government to come under the second Act. Only matches have been notified to be liable to tax under the second Act and on them multiple point tax at the rate of 4 per cent is imposed.

Therefore, the 1947 Act is of general applicability and under this Act single point tax on the last sale is imposed. The rate of tax is 4 per cent on commodities not exempted or otherwise not specified. On specified commodities enumerated in 15 entries the tax is 7 per cent.

Minimum turnover fixed for the levy of tax is Rs. 12,000/-. A dealer registered under the Central Sales Tax Act and purchasing commodities in interstate commerce at a concessional rate is liable to pay tax on sale of such goods irrespective of the quantum of his turnover.

Goods purchased by a manufacturer or producer for purposes of manufacture or production of goods for sale inside the state (and not interstate) are not subject to tax.

Though the tax is levied at the last sale, yet a commodity exported out of the state is to bear the local tax if an intrastate sale of the commodity has taken place.

List of exempted commodities includes such commodities as agricultural implements prices of which do not exceed Rs. 15/-, books, cotton, raw jute, fertilisers, cereals and pulses, betel-nuts, kerosene oil, and items of food, etc.

With a view to checking evasion of tax, it is provided that no person shall take delivery or transport from any railway station, steamers station, airport, post-office, etc., any consignment of taxable goods exceeding such quantities and except in accordance with such conditions as may be prescribed.

DELHI

Delhi has a single point tax and the tax is imposed at the last sale.

The rate of tax on commodities not exempted or otherwise not specified is 4 per cent. On a number of commodities contained in 15 entries the tax rate is 7 per cent.

Turnover limit for imposition of tax is Rs. 10,000/- in cases of importers and manufacturers, and Rs. 30,000/- in other cases. A dealer registered under the Central Sales Tax Act is liable to pay the tax irrespective of the quantum of his turnover.

A commodity sold in interstate commerce does not bear any local tax.

Purchases made by manufacturers for manufacture and then sale are exempt from tax.

List of exempted commodities includes cereals and pulses, certain other eatable items, certain varieties of paper, books, exercise books, agricultural implements, fertilizers, hides and skins, betel leaves, matches, etc.

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The Act provides for the establishment of check-posts to prevent evasion of tax.

PUNJAB

East Punjab has a single point tax on the last sale.

The tax is 4 per cent on commodities not exempted from tax or otherwise not specified. On certain commodities which are classified as luxury, the tax is 7 per cent. On certain eatable items like wheat and pulses, the tax is $\frac{3}{4}$ per cent.

The turnover limit for imposition of tax is nil in case of importers, Rs. 10,000/- in case of manufacturers and Rs. 50,000/- in other cases. A dealer registered under the Central Sales Tax Act is liable to tax irrespective of his turnover.

A commodity ultimately exported out of the state does not bear the local tax.

Tax on sales made to a manufacturer for manufacture and then sale is 2 per cent.

Goods sold to a registered dealers for manufacture and then tax are exempt.

The list of exempted items includes certain eatable items, books, exercise books, agricultural implements, matches, kerosene oil, fertilizers, etc.

The Act provides for the establishment of check-posts to prevent evasion of tax.

ORISSA

Orissa has a single point tax and the tax is usually levied at the last sale. However, the State Government has power to levy tax at any other stage.

The rate of tax on commodities not specified and not exempted from tax is 5 per cent. As far as specified commodities are concerned, the rate is 7 per cent on many commodities, and on a few commodities it varies from 1 per cent to 3 per cent.

On a few commodities, it may be noted, only single point purchase tax and not sales tax is levied.

The turnover limit for imposition sales-tax is Rs. 10,000/- though a dealer registered under the Central Sales Tax Act is liable to pay sales-tax irrespective of his turnover.

Purchases made by a manufacturer for manufacture and then resale are not exempt from tax.

Even though the tax is levied at the last sale, the commodity sold in interstate commerce is to bear the local tax if any intrastate sale of the commodity has taken place.

List of exempted goods includes certain limited eatable items, handmade cloth, certain books, etc.

WEST BENGAL

West Bengal has two sales-tax statutes. One is the Bengal Finance (Sales-Tax) Act, 1941 and the other is West Bengal Sales Tax Act, 1954.

The first comprises all the commodities except those notified by the Government to come under the second Act. Only Vanaspati has been notified to be liable to tax under the second Act and on this multiple point tax at the rate of 3 per cent is imposed.

Therefore the 1941 Act is of general applicability and under this Act single point tax on the last sale is imposed. The rate of tax is 5 per cent on commodities not exempted or otherwise not specified. On specified commodities enumerated in 15 entries the tax is 7 per cent. On gold ornaments the tax is 1 per cent.

The turnover limit for imposition of tax is Rs. 10,000/- in the case of importers and manufacturers, and Rs. 50,000/- in the case of other dealers. However, to check evasion of sales-tax by unregistered dealers, the State Government is authorised to provide that the importers or manufacturers or producers shall be liable to pay tax irrespective of the quantum of turnover.

Though the tax is levied at the last sale, yet a commodity exported out of the State is to bear the local tax if any intrastate sale of the commodity has taken place. Previously it was not so.

Purchases made by a manufacturer for manufacture and then sale are exempt from tax.

List of exempted commodities includes cereals and pulses, certain other eatable items, agricultural implements, fertilisers, kerosene oil, certain text books, plain paper, etc.

MADHYA PRADESH

Madhya Pradesh imposes a single point tax and the tax is levied generally at the first sale.

The rate of tax is 4 per cent on commodities not exempted and not otherwise specified. On a long list of commodities specified in 60 entries the tax is levied at the rate of 7 per cent.

Minimum turnover fixed for the imposition of tax is Rs. 5,000/- in the case of a dealer who imports goods other than betel leaves, Rs. 5,000/- in the case of a manufacturer of any goods other than cooked food and Rs. 15,000/- in the case of other dealers. A dealer registered under the Central Sales Tax Act is liable to pay tax on sale of goods purchased by him in interstate commerce at a concessional rate, irrespective of the quantum of his turnover.

Tax on raw materials is fixed at 1 per cent when purchased by a registered dealer for manufacture of goods for sale inside the state or in the course of interstate trade and commerce. It may be noted that the raw materials purchased for manufacture of goods for sale may bear the ordinary local tax in a case where the tax is levied at the first stage and the raw material has passed through one or more sales before the manufacturer buys it.

Since the tax is generally levied at the first sale, a commodity ultimately exported out of the State will bear the local tax if any intrastate sale of the commodity has taken place before it is exported.

List of exempted commodities includes agricultural implements operated exclusively by human or animal agency, books, cereals and pulses, certain eatable items, exercise books, handmade paper, khaddar, handmade *kambals*, fertilizers other than oil cakes, etc.

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The Act provides for the establishment of check-posts to check evasion of tax.

RAJASTHAN

Rajasthan has a single point sales tax and the tax is usually imposed at the first sale.

The rate of tax on commodities not exempted or otherwise not specified is 4 per cent. On some commodities the tax rate is 7 per cent.

Under certain conditions single point purchase tax is levied.

Turnover limit for imposition of tax is Rs. 5,000/- in case of an importer, Rs. 10,000/- in case of a manufacturer and Rs. 12,000/- in other cases. A dealer registered under the Central Tax Act is liable to pay tax irrespective of his turnover.

Purchases made by a manufacturer for manufacture and then resale are generally not exempt from tax. However, certain goods used in certain industries for purpose of manufacture are exempt from tax. There is a list of about 52 such industries.

Commodities ultimately sold in interstate commerce bear the local tax if any intrastate sale has taken place. This is true even in those cases where the tax is levied at the last point.

The list of exempted commodities includes cereals and pulses, certain other eatable items, handlooms, fertilisers, books and exercise books, handmade paper, handloom cloth, raw wool, raw hides and skins, ornaments, non-ferrous metals scrap, and betel leaves.

The Act provides for the establishment of check-posts in the State to prevent evasion of tax.

MAHARASHTRA AND GUJARAT:

The States of Maharashtra and Gujarat were bifurcated from the former State of Bombay. They are governed by the Bombay Sales Tax Act, 1959.

These States, depending on the commodity, have (i) a single point tax imposed at the first sale; (ii) or a single point tax imposed at the last sale; (iii) or a two point tax imposed at the first and the last sales, no tax being imposed on the intermediary sales.

The number of commodities on which first stage single point tax is levied are contained in 70 entries. The tax varies from 1 per cent on cotton yarn to 45 per cent on liquors. On a number of commodities the tax is 10 per cent.

The number of commodities on which last stage single point tax is levied are contained in 9 entries. The tax rate varies from 1 per cent to 6 per cent.

On the rest of commodities two point tax is levied, except those commodities which are specifically exempted from tax. The two point tax is 3 per cent on first sale, and 2 per cent on last sale on those commodities which are not specified.

Minimum turnover required for the imposition of tax is Rs. 10,000/- in the case of an importer or a manufacturer, and Rs. 30,000/- in other cases. A dealer registered under the Central Sales Tax Act is deemed to be a registered dealer for taxation

irrespective of his turnover, and is liable to pay tax on sale of goods purchased in interstate commerce at a concessional rate.

Goods purchased by a manufacturer for manufacture and sale are exempt from tax, except declared goods and goods mentioned in entries 1 to 11 and 15 in Schedule C of the Act, entries 1 to 4 in Schedule D, and entries 1 to 2 in Schedule E.

Goods purchased by a dealer for sale in the course of interstate trade and commerce are also exempt from tax.

The Act has a system of authorisation, licensing and recognition based on distinction between big dealers (having certain minimum turnover, e.g., Rs. 50,000/- for licensing) and small dealers. There is some variation in the method of taxation between big and small dealers, though the total incidence of tax on commodities dealt by both is somewhat the same. Due to these factors the Bombay Sales Tax Act has become a bit complicated.

List of exempted commodities includes such items as agricultural implements operated by human or animal agency, betel leaves, certain books, cereals and pulses, fertilisers, handloom cloth, kerosene oil, certain eatable items, etc.

MADRAS

Madras has either a single point tax or multiple point tax depending on the commodity.

There is a long list of commodities on which the single point tax on the first sale is levied. The tax rate generally varies from 5 per cent to 7 per cent, though on a few commodities the tax varies from 1 per cent to 3 per cent.

On other commodities there is a multiple point tax. The rate of tax is usually 2 per cent, though on certain items, particularly eatable items, the tax is 1 per cent.

On purchases made by a manufacturer for the manufacture of commodities for sale, the tax is 1 per cent. However, goods purchased by a manufacturer for manufacture and then sale, may bear the higher tax depending upon the kind of levy (whether single point or multiple point) and the number of earlier sales.

A commodity ultimately sold in interstate trade and commerce will bear the local tax if any intrastate sale has taken place.

For the levy of multiple point tax minimum turnover fixed is Rs. 10,000/- though in a few cases the turnover is Rs. 30,000/-. However, the tax in the following cases is levied irrespective of any minimum turnover: (a) when the tax is single point; (b) when sales are made by a casual dealer; (c) agent of a non-resident dealer; and (d) dealer registered under the Central Sales Tax Act on sale of goods purchased in interstate commerce at a concessional rate.

Complete exemption from tax is allowed only to a few commodities like books, indigenous raw silk, slates and slate pencils. There is a long list of conditional exemptions in cases of sales by certain institutions, co-operative societies or government departments.

The Act provides for the establishment of check-posts to prevent evasion of tax.

MYSORE

Mysore has: (i) multiple point sales tax; (ii) or single point sales tax on some commodities; (iii) or single point purchase tax on a few selected commodities.

The Act prescribes a general rate of tax 2 per cent on every sale (i.e., multiple point tax), though on a selected few commodities the tax is 1 per cent.

The single point tax is levied at the first sale and this tax is levied on a large number of commodities specified in 75 entries. The rate of tax usually varies from 5 per cent to 7 per cent. On motor cars the tax is 5 per cent. Commodities on which single point tax is levied are exempt from multiple point tax.

On a limited number of about 15 commodities only first stage single point purchase tax is imposed. The rate of tax varies from 2 per cent to 3 per cent.

Minimum turnover required for the imposition of sales tax is Rs. 7,500/-. A dealer registered under the Central Sales Tax Act is taxable irrespective of the quantum of his turnover.

There is no exemption from tax for commodities purchased for manufacture or production.

A commodity ultimately sold in interstate trade and commerce will bear the local tax if any intrastate sale has taken place.

The list of exempted goods includes salt, certain eatable items, raw silk, handmade paper, handmade agricultural implements, tobacco, etc. Certain commodities are also exempt from tax when they are sold by certain institutions, like co-operative societies, educational institutions, etc.

UTTAR PRADESH

Uttar Pradesh has (i) multiple point tax; (ii) or a single point tax on specified commodities; (iii) or a single point purchase tax on commodities specified by the government.

The multiple point tax is levied at the rate of 2 per cent.

On a long list of commodities only single point tax is imposed and the tax is usually imposed at the first sale. The rate of tax is usually 5 per cent to 7 per cent, though on quite a few commodities the tax rate varies from 2 per cent to 3 per cent.

On commodities which may be specified by the government single point purchase tax is levied.

The turnover limit prescribed for the imposition of multiple point or single point tax is Rs. 15,000/-. However, if a dealer is selling any imported goods and the goods are liable to single point tax, then the dealer is liable to pay the single point tax irrespective of the quantum of his turnover. A dealer registered under the Central Sales Tax Act and purchasing commodities in interstate commerce at a concessional rate is also liable to pay tax on such commodities irrespective of the quantum of his turnover.

On sales of certain goods for delivery outside the state, the Act provides for grant of rebate up to the full amount of the tax levied on any specified point in the series of sales of such goods. About 20

commodities have been notified on which rebate of half of the tax levied is allowed.

Purchases made by a manufacturer for manufacture and then sale are not exempt from tax.

List of exempted goods includes agricultural implements worked by human or animal power, certain limited eatable items, handloom cloth, handmade paper, etc.

The Act provides for the establishment of check-posts to prevent evasion of tax.

ANDHRA PRADESH

Andhra Pradesh has (i) a multiple point sales tax; (ii) or a multiple point sales tax along with a special single point tax on first sale on some commodities; (iii) or a single point sales tax on few commodities; (iv) or a single point purchase tax on a very limited number of commodities.

The multiple point tax is usually 2 per cent.

About 15 commodities are subject to a multiple point of tax at the rate of 2 per cent plus a special tax on the first sale at rates varying from 3 per cent 5 per cent.

There is a small list of about 8 commodities on which only a single point purchase tax is imposed.

In cases where multiple point tax is levied, minimum turnover limit is Rs. 10,000/-. In cases where only single point sale or purchase tax is levied there is no requirement for minimum turnover and the tax is levied irrespective of the turnover.

There is no exemption or concessional rate on purchases made by a manufacturer for manufacturer and then sale.

A commodity ultimately sold in interstate trade and commerce will bear the local tax if any intrastate sale has taken place.

List of exempted commodities includes such items as salt, motor spirit, certain eatable items, certain books, handspun yarn, etc.

The Act provides for the establishment of check-posts in the state to prevent evasion of tax.

BIHAR

Bihar has (i) multiple point tax along with a special single point tax generally on the last sale; (ii) or only multiple or single point tax on commodities specified by the State Government.

There is a multiple point tax (called the general tax) at the rate of $\frac{1}{2}$ per cent to 2 per cent on every sale plus a single point tax (called the special tax) varying from 3 per cent to 7 per cent on the last sale.

There is a long list of commodities specified in 40 entries on which only single point tax is imposed. Such commodities are usually those on which tax rate is 5 per cent to 7 per cent.

Mica is the only commodity which bears the multiple point tax but not single point tax.

Minimum turnover fixed for the levy of multiple point sales-tax is Rs. 5,000/-, and for the levy of single point tax it is Rs. 15,000/-.

A dealer registered under the Central Sales Tax Act and purchasing goods at concessional rate in interstate commerce has to pay the tax on sale of such goods irrespective of the quantum of his turnover.

A commodity ultimately sold in course of interstate trade or commerce or export out of the territory of India does not bear the local single point tax.

Purchases made by a manufacturer or producer for manufacture or production and then sale are not exempt from tax, except a very few commodities (about 4 to 5 eatable items).

The list of commodities exempted both from single point and multiple point tax is small. This list includes khadi cloth, jute, sugarcane, green vegetables, meat, fish, agricultural implements operated by human or animal power, books, etc.

The Act provides for the establishment of check-posts and barriers at any place in the state with a view to prevent evasion of tax.

KERALA

Kerala has (i) multiple point sales tax; (ii) or a multiple point tax along with special single point tax on a few specified commodities; (iii) or a single point tax on some specified commodities; (iv) or a single point purchase tax on commodities specified by the State Government.

The rate of multiple point tax is generally 2 per cent.

On two commodities, pure silk other than that woven on handlooms, and all hosiery goods other than those made wholly of cotton, in addition to multiple point tax, special single point tax at the rate of 8 per cent is also levied.

On a number of commodities specified in 45 entries only single point tax at the first sale is levied. The rate of tax usually varies from 4 per cent to 7 per cent, though on a few commodities the tax is 2 per cent or less.

No purchase tax is levied at present.

The turnover limit for imposition of tax is Rs. 10,000/-.

There is a list of 23 commodities on which a rebate is allowed of half of the tax levied when they are sold for delivery outside the state.

There is no exemption or concessional rate on purchases made by a manufacturer for manufacture and then sale.

The list of exempted articles includes certain eatable items handloom, cloth, etc.

The Act provides for the establishment of check-posts in the state to prevent evasion of tax.