

829, 8th floor, Vikrikar Bhavan,
Mazgaon, Mumbai – 400 010.

TRADE CIRCULAR.

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No.VAT/MMB/1008/15/ADM-6
Trade Cir.- 5 T of 2009

Mumbai Dt : 29.1.2009

Sub : Tax Treatment of Goods sent to other States.

Ref : Trade Cir.16T of 2007 dated 20th February 2007.

Gentlemen/Sir/Madam,

This office had issued a Trade Circular dated the 20th February 2007. A view had been taken in that Trade Circular that Section 6A of the C.S.T.Act, 1956 deals only with transactions between agents and principals and does not deal with transactions which are on a principal to principal basis.

2. The Alahabad High Court has delivered a judgment dated the 17th August 2007 in the case of M/s Ambica Steels Ltd. V/s The State of Uttar Pradesh. The Petitioner in that case had sent iron and steel ingot to various Companies situated outside the State of Uttar Pradesh for the purpose of converting them into iron and steel rounds, bars and flats. The converted material was to be sent back to the petitioner in Uttar Pradesh. The Petitioner Company also received iron scrap from various firms outside the State of Uttar Pradesh for the purpose of converting the same into iron and steel billets and ingots with a direction to return the converted goods to those firms. The issue before the Court was whether the petitioner is required to submit the declaration in Form F in respect of the transactions of job work performed by it or got done by others. The High Court has taken a view that it would be necessary to furnish declarations in Form F in such instances. It also appears that the question whether Section 6A of the CST Act deals only with transactions between agent and principal or whether it deals with transactions which are on a principal to principal basis was not raised before the High Court.

3. In the Trade Circular dated 20th February 2007, a view has been taken that when goods are sent to another State for job work or for manufacturing etc., the transaction will normally be on a principal to principal basis with an independent operator and not on a principal to agent basis. It is, further stated in the circular that

Section 6A will have no applicability as regards the transactions where the goods are sent on a principal to principal basis. It is possible that in view of the judgment of the Uttar Pradesh High Court, dealers situated in other States may require a declaration in Form F from Maharashtra dealers if any goods are sent from these States to Maharashtra for job work etc. Similarly, if a Maharashtra based dealer sends any goods to another State for job work, then the job worker in that State may require the Maharashtra dealer to issue a declaration in Form F while returning the goods to Maharashtra. It is, therefore, decided that in such cases, declaration in Form F will be issued as per normal procedure to dealers in Maharashtra. There is, however, no change in the views of the Sales Tax Department as expressed in the said trade circular. The Trade Circular will continue to apply for the contingencies laid down in the circular except for the change indicated above.

4. This circular cannot be made use of for legal interpretation of provisions of law, as it is clarificatory in nature. If any member of the trade has any doubt, he may refer the matter to this office for further clarification.

5. You are requested to bring the contents of this circular to the notice of all the members of your association.

Yours faithfully,

(Sanjay Bhatia.)
Commissioner of Sales Tax
Maharashtra State, Mumbai.

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1. Copy forwarded To :

- a. All the Addl. Commissioners of Sales Tax in the State.
- b. All the Joint Commissioner of Sales Tax in the State.
- c. All the Sr. Dy. Commissioners of Sales Tax in the State.
- d. All the Dy. Commissioner of Sales Tax in the State.
- e. All the Asstt. Commissioners of Sales Tax in the State.
- f. All the Sales Tax Officers in the State.

2. Copy forwarded with compliments for information to:

- a. The Officer on Special Duty, Finance Department, Mantralaya, Mumbai.
- b. The Under Secretary, Finance Department, Mantralaya, Mumbai.
- c. The Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.

3. Copy to : All the Desks and Desk Officers in the office of the Commissioner of Sales Tax, Maharashtra State, Mumbai.

(G.B.Indurkar.)
Joint Commissioner of Sales Tax,
(H.Q.) I, Maharashtra State, Mumbai.