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

TRADE CIRCULAR.

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No.CST-1007/1/Adm-3 Mumbai Dt: 30th March 2007

Trade Cir. 28 T of 2007

Sub: Amendment in C.S.T. Act, 1956 with effect from 1.4.2007.

Gentlemen/Sir/Madam,

A Bill namely, the Taxation Laws (Amendment) Act, 2007 (Bill No.13/C of 2007) had been introduced in the Lok Sabha in order to further amend the Central Sales Tax Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957. The Bill has since been passed by both houses of the Parliament. The Union Government has, by a Gazette Notification dated the 29th March 2007 brought the amendment Act into force. The amendments come into effect from the 1st April 2007. The salient features of the amendment Act are as follows:-

The Amendment Act seeks to amend sub-section (1) and (2) of Section 8 and sub-section (4) of Section 8. Consequential amendments are made to Sections 6, 7, 9, 10 and 10A of the CST Act. Apart from these amendments, Section 14 has been amended in order to omit tobacco and tobacco products from the purview of "declared goods". The Amendment Act omits section 4 and the second schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957.and amends the first schedule.

2. The net effect of the amendments is as follows:-

a) The rate of CST on inter-State sale to registered dealers (against Form-C) shall stand reduced from 4% to 3% or the rate of VAT applicable in the State of the selling dealer, whichever is lower.

b) The rate of CST on inter-State sale <u>other than</u> sale to registered dealers shall be the rate of VAT applicable in the State of the selling dealer.

c) The rate of CST on inter-State sale to Government Departments shall also be the rate of VAT applicable in the State of the selling dealer, indicated at (b) above.

The facility of inter-State purchases by Government Departments against Form-D stands withdrawn.

d) Enabling provisions have been made for the States to levy VAT on Tobacco. Tobacco has been dropped from the First Schedule of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 as also from the list of declared goods, to enable the States to levy VAT on Tobacco, at rate higher than 4%.

3. The State Government has also issued a Notification to make tobacco and tobacco products liable to tax under the Maharashtra Value Added Tax Act, 2002 [MVAT Act]. A separate trade circular is being issued to explain the amendments to the Schedule Entries under the MVAT Act, 2002.

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,

(B.C.KHATUA.)
Commissioner of Sales Tax
Maharashtra State, Mumbai.

No.CST-1007/1/Adm-3 Mumbai Dt : 30th March 2007

Trade Cir. 28 T of 2007

1. Copy forwarded To :

a. All the Addl. Commissioners of Sales Tax in the State.
b. All the Joint Commissioners 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. **<u>Copy forwarded with compliments for information to</u>:**

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. **<u>Copy to</u>**: All the Desks and Desk Officers in the office of the Commissioner of Sales Tax, Maharashtra State, Mumbai.

(S.D.Bhandare)
Sr.Dy.Commissioner of Sales Tax
(Act & Rules) Maharashtra State. Mumbai