

Office of the: Commissioner of Sales Tax,
Vikrikar Bhavan,
Mazgaon.

TRADE CIRCULAR

To,

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No;- OSD/VP/2014-15
Trade Circular- **IT** of 2014

Mumbai,dt- 04.04.2014

Sub: Supreme Court judgment in the case of Bansal Wire Industries.

RATIO OF THE JUDGEMENT

The Supreme Court in the case of Bansal Wire Industries (42 VST 372) had occasion to decide as to whether 'Stainless steel wire' is covered within the entry (ix) of Clause (iv) of section 14 of the CST Act, 1956. The Supreme Court referred to entry No. (ix) and entry (xvi) of clause of (iv) of section 14 of the CST Act. It observed the following,-


The expression "of any of the above categories" appearing in entry Nos. (ix) and (xvi) of clause (iv) of section 14 of the Central Act would indicate that they would each be items referred in the preceding items. Therefore, even the expression "of any of the above categories" in entry No.(ix) of clause (iv) would only relate to steel and alloy produced for any of the materials mentioned in item Nos. (i) to (viii). Thus "stainless steel wire" produced by the appellant cannot be read into item No. (xv) which reads as "wire rods and wires-rolled, drawn, galvanized, aluminized, tinned or coated such as by copper".

As per this judgment 'Stainless steel wire' is not declared goods taxable @ 5% but it is taxable at the residual entry. The observations of the Supreme Court that the specific entry for 'tool, alloy and special steels' is not applicable from entry (x) to entry (xv) is also to be noted. **It implies that the expression of any of the above categories" in entry No.(ix) of clause (iv) of Section 14 of the Central Sales Tax Act would not relate to steel and alloy produced for any of the materials mentioned from item nos. (x) to (xv).** Therefore, the items covered from entry no (x) to entry (xv) made of 'tool, alloy and special steels' would not be covered by schedule entry C-55 of MVAT Act.

2) APPLICABILITY OF THE JUDGEMENT

It has been held in the determination in the case of M/s Devidayal Electronics and Wires Ltd (DDQ-1173/165/B-5 dt. 12.7.73) that 'stainless steel wire' is covered under schedule entry B-I-3 under the clause ' wire rods and wires- rolled, drawn, galvanized, aluminized, tinned or coated such as by copper'. In view of this, it is decided,

- a) The matter is referred to Government for guidance as to whether the Supreme Court judgement be enforced for transactions effected prior to the date of the Supreme Court judgement i.e 26.4.2011.
- b) All transactions effected on or after 26.4.2011 would evidently be governed by the ratio of the Supreme Court judgement.


Dr. Nitin Kareer,
Commissioner of Sales Tax,
Maharashtra State, Mumbai

No: OSD/NP/2014-15/Bansal
Trade Circular No 11T of 2014

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