

Gujarat Sales Tax (Third Amendment) Act, 1986

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Gujarat Sales Tax (Third Amendment) Act, 1986

An Act further to amend the Gujarat Sales Tax Act, 1969. It is hereby enacted in the Thirty-seventh Year of the Republic of India as follows:-

1. Short Title :-

This Act may be called the Gujarat Sales Tax (Third Amendment) Act, 1986.

2. Insertion Of New Sections 15B And 15C In Guj. 1 Of 1970 :-

In the Gujarat Sales Tax Act, 1969, after section 15A, the following sections shall be inserted, namely:- "15B. Purchase tax payable on goods used in the manufacture of goods in certain cases. - Where any dealer liable to pay tax under this Act uses any prohibited goods other than declared goods, purchased by him or through commission agent in the manufacture of taxable goods and despatches any of the goods so manufactured to his own place of business or to his agents place of business situate outside the State but within India such dealer shall be liable to pay, in addition to any tax paid or payable under other provisions of this Act, a purchase tax at the rate of two paise in the rupee on the purchase price of such prohibited goods used in the goods so manufactured and despatched and accordingly he shall include the purchase price thereof in his turnover of purchases in his declaration or return under section 40 which he is to furnish next thereafter. 15C. Liability to purchase tax for contravention of terms of certificate.- Where any recognised dealer or commission agent acting on behalf of a principal who is a recognised dealer, purchases any taxable goods under a certificate given by him under section 13 and contrary to such certificate such dealer or principal despatches any of the goods, manufactured by him by use of the taxable goods so

purchased, to his own place of business or to his agents place of business situate outside the State but within India, where he or, as the case may be, his agent is registered under the Central Sales Tax Act, 1956, such recognised dealer or, as the case may be, principal shall be liable to pay, in addition to any tax paid or payable under other provisions of this Act a purchase tax at the rate of two paise in the rupee on the purchase price of taxable goods used in the goods so manufactured and despatched and accordingly he shall include purchase price thereof in his turnover of purchases in his declaration or return under section 40 which he is to furnish next thereafter.". The Statement of Objects and Reasons appended to the Gujarat Sales Tax (Third Amendment) Bill, 1986 (Bill No. 40 of 1986) (Gujarat Government Gazette, Extraordinary, Part V, dated 15th March, 1986, page 20-3.), runs as follows:- "Under the Gujarat Sales Tax Act, 1969, no tax is levied on the sales, to a recognised dealer (i.e., a manufacturer) or a commission agent purchasing on behalf of a recognised dealer of goods other than prohibited goods as defined in clause (21) of section 2 of that Act for use by the recognised dealer as raw or processing materials or as consumable stores in the manufacture of taxable goods for sale by him, if a certificate to that effect is given by such recognised dealer or commission agent, but a purchase tax is levied in respect of those purchases by a recognised dealer or the commission agent at the rate of two paise in the rupee. In respect of most of the prohibited goods purchased by a manufacturer for use in the manufacture of goods by him, he is required to pay sales tax at the rate of 4 per cent. Thus the Act provides for levy of tax on the goods purchased by a manufacturer for the use in the manufacture of goods by him at concessional rates. The manufacturer is also provided by the State Government necessary infrastructural facilities for carrying out his business of manufacture in the State. However, it is noticed that in cases where a manufacturer despatches the goods manufactured by him to his own place of business or to his agents place of business outside the State but within India, such despatch of manufactured goods results in unintended loss of sales tax revenue to the State Government. In order to avoid such loss of sales tax revenue to the State Government, it is proposed to levy, in addition to the tax payable under the said Act, a purchase tax at the rate of 2 per cent on the purchases of the goods other than declared goods by a manufacturer for use by him in the manufacture of goods which are so despatched by him. This Bill seeks to amend the said Act to

achieve the aforesaid object."