

## **Madhya Pradesh General Sales Tax (Amendment) Act, 1986**

### **CONTENTS**

1. Short Title And Commencement
2. Amendment Of Section 2
3. Amendment Of Section 5
4. Substitution Of New Section For Section 6
5. Amendment Of Section 7
6. Amendment Of Section 7-Aa
7. Substitution Of New Section For Section 8
8. Amendment Of Section 12
9. Amendment Of Section 16-B
10. Omission Of Section 16-C
11. Amendment Of Section 51
12. Amendment Of Schedule Ii
13. Transitory Provision

## **Madhya Pradesh General Sales Tax (Amendment) Act, 1986**

An Act further to amend the Madhya Pradesh General Sales Tax Act, 1958. BE it enacted by the Madhya Pradesh Legislature in the Thirty-seventh Year of the Republic of India as follows:-

### **1. Short Title And Commencement :-**

(1) This Act may be called the Madhya Pradesh General Sales Tax (Amendment) Act, 1986.

(2) It shall come into force on such date as the State Government may by notification, appoint.

### **2. Amendment Of Section 2 :-**

In sub-clause (iii) of clause (r) of section 2 of the Madhya Pradesh General Sales Tax Act, 1958 (No. 2 of 1959) (hereinafter referred to as the principal Act), for the words "Iron and steel, paddy, unginned cotton", the words "Paddy and unginned cotton" shall be substituted.

### **3. Amendment Of Section 5 :-**

In section 5 of the principal Act, in sub-section (1), for the words, figures and brackets" sub-section (1) of section 6", the word and

figure "section 6" shall be substituted.

#### **4. Substitution Of New Section For Section 6 :-**

For section 6 of the principal Act, the following section shall be substituted, namely:-

"6.The tax payable by a dealer under this Act shall be levied on the taxable turnover relating to goods specified in Schedule II at the rate mentioned in the corresponding entry in column (3) of the said Schedule."

#### **5. Amendment Of Section 7 :-**

In section 7 of the principal Act, -

(i) in sub-section (1), for the words, figures and brackets "sub-section (1) of section 6", the word and figure "section 6" shall be substituted;

(ii) in the proviso to sub-section (2), for the words "the tax payable under this sub-section shall be calculated at such lower rate", the words "the tax payable under this sub-section be calculated at such lower rate or at such other lower rate as may be notified by the State Government" shall be substituted;

(iii) in sub-section (3), for the words, figures and brackets "sub-section (1) of section 6", the word and figure "section 6" shall be substituted".

#### **6. Amendment Of Section 7-Aa :-**

To section 7-AA of the principal Act, the following proviso shall be added at the end, namely:-

"Provided that subject to such restrictions and conditions as may be prescribed no additional tax shall be payable on the taxable turnover relating to sales by a registered dealer to another such dealer of any raw material or incidental goods for the manufacture of other goods for sale in the State of Madhya Pradesh or in the course of inter-State trade or commerce or in the course of export out of the territory of India."

#### **7. Substitution Of New Section For Section 8 :-**

For section 8 of the principal Act, the following section shall be substituted, namely:-

"8.Rate of tax for raw material and incidental goods.-(1) Notwithstanding anything contained in section 6 but subject to

such restrictions and conditions as may be prescribed, the tax payable under section 6 on the sale by a registered dealer of any raw material other than tendu leaves and whole pulses, or incidental goods for the manufacture of other goods for sale in the State of Madhya Pradesh or in the course of inter-State trade or commerce or in the course of export out of the territory of India shall be levied at the rate of 3.5 per cent in respect of raw material and 4.5 per cent in respect of incidental goods of the sale price thereof:

Provided that when the tax on the sale of such raw material or incidental goods under section 6 is payable at a rate lower than 3.5 per cent or 4.5 per cent respectively, the tax payable under this sub-section shall be calculated at such lower rate or at such other lower rate as may be notified by the State Government.

(2) Where any raw material or incidental goods purchased by a registered dealer under sub-section (1), -

(a) are utilised by him for any purpose other than a purpose specified in the said sub-section or are sold by him; or

(b) are purchased by a dealer falsely representing himself as a registered dealer on the date of purchase or are purchased by a registered dealer in contravention of the restrictions and conditions prescribed under sub-section (1), such dealer shall, -

(i) in the case referred to in clause (a), be liable to pay by way of penalty if the goods purchased are declared goods or by way of tax if the goods purchased are not declared goods, an amount equal to the difference between the amount of tax on the sale of such raw material or incidental goods as the case may be at the full rate mentioned in column (3) of Schedule II in respect thereof and the tax payable under sub-section (1);

(ii) in the case referred to in clause (b), be liable to pay by way of penalty an amount not less than the amount specified in clause (i) above subject to a maximum of one and one quarter times of the amount of tax on the sale of such raw material or incidental goods at the full rate mentioned in column (3) of Schedule II:

Provided that no tax shall be assessed or penalty shall be imposed on a registered dealer referred to in clause (i) where any raw material or incidental goods purchased by him under sub-section (1) are sold by him subject to such restrictions and conditions as may be prescribed, to another registered dealer for the purpose specified in that sub-section:

Provided further that where the registered dealer to whom the raw material or incidental goods had been sold under the first proviso

utilises them for any purpose other than the purpose specified in sub-section (1), he shall be liable to pay the tax or penalty under this sub-section."

#### **8. Amendment Of Section 12 :-**

In sub-section (1) of section 12 of the principal Act, after clause (ii), the following clause shall be inserted, namely:-

"(iii) any turnover in relation to any goods or class of goods or in relation to any dealer or class of dealers from the payment of additional tax under this Act for such period as may be specified in the notification."

#### **9. Amendment Of Section 16-B :-**

In section 16-B of the principal Act, in sub-section (6), for the words, letter, figures and brackets "clause (a) of sub-section (2) of section 6" wherever occurring, the words, figures and brackets "sub-section (1) of section 8" shall be substituted.

#### **10. Omission Of Section 16-C :-**

Section 16-C of the principal Act shall be omitted.

#### **11. Amendment Of Section 51 :-**

In sub-section (2) of section 51 of the principal Act, -

(i) clauses (bb) and (bb-i) shall be omitted;

(ii) for clause (c), the following clause shall be substituted, namely:-

"(c) the restrictions and conditions subject to which provisions of section 8 shall apply to a registered dealer."; and

(iii) clause (ffff) shall be omitted.

#### **12. Amendment Of Schedule Ii :-**

In Schedule II to the principal Act, -

(i) for the words, figures and brackets "(see section 6(1))", the words, figures and brackets "(see section 6)" shall be substituted;

(ii) in part I, -

entries 1 and 7 shall be omitted;

(iii) in part IV, -

(a) after entry 2, the following entry shall be inserted, namely:- "2-A Iron and steel as specified in clause (iv) of section 14 of the

Central Sales Tax Act, 1956 (No. 74 of 1956)..... 4"; and  
(b) after entry 25, the following entry shall be added, namely:-  
"26. Readymade garments, excluding garments of silk fabrics and  
readymade hosiery and knitted garments..... 4".

### **13. Transitory Provision :-**

Where the goods included in entries 1 and 7 of part I of Schedule II of the Madhya Pradesh General Sales Tax Act, 1958 (No. 2 of 1959), prior to the date of commencement of this Act and transferred to part IV of the said Schedule from the said date were purchased by a registered dealer from another such dealer for resale or for use in manufacture prior to such commencement are resold or used in manufacture on or after such commencement, the sale price or purchase price, as the case may be, of such goods shall be liable to tax at the hands of such registered dealer.

The Statement of Objects and Reasons appended to the Madhya Pradesh General Sales Tax (Amendment) Bill, 1986 (No. 13 of 1986) (Madhya Pradesh Gazette, Extraordinary No. 166, dated 30th April, 1986, page 737.), runs as follows:-

"While presenting the budget for the year 1986-87 in the Vidhan Sabha on 3rd March, 1986, it was announced that, -

(i) the scheme of grant of set-off in respect of raw material or incidental goods purchased for use in the manufacture of other goods for sale will be replaced by the scheme in force immediately before the scheme for grant of set-off; and

(ii) the point of tax on iron and steel and readymade garments will be changed from last point to first point.

It is accordingly proposed to make suitable amendments in the Madhya Pradesh General Sales Tax Act, 1958, for this purpose.

2. Opportunity has also been taken to make a provision for grant of exemption from additional tax by amending section 12 of the said Act suitably.

3. Hence this Bill."