

## **Taxation Laws (Amendment) Act, 2007**

**16 of 2007**

**[26 March 2007]**

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## **Taxation Laws (Amendment) Act, 2007**

**16 of 2007**

**[26 March 2007]**

An Act further to amend the Central Sales Tax Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957. BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:--

#### **CHAPTER 1 PRELIMINARY**

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

(1) This Act may be called the Taxation Laws (Amendment) Act, 2007.

(2) It shall come into force on such date<sup>1</sup> as the Central

Government may, by notification in the Official Gazette, appoint.

1. Act shall be come into force on 01.04.2007 vide Notification No. S.O. 464(E) Dated 29.03.2007

## **CHAPTER 2 CENTRAL SALES TAX**

### **2. Amendment Of Section 6 :-**

In the Central Sales Tax Act, 1956(74 of 1956) (hereinafter in this Chapter referred to as the principal Act), in section 6, for sub-section (2), the following sub-section shall be substituted, namely:-

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"(2) Notwithstanding anything contained in sub-section (1) or sub-section (1A), where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale during such movement effected by a transfer of documents of title to such goods to a registered dealer, if the goods are of the description referred to in sub-section (3) of section 8, shall be exempt from tax under this Act:

Provided that no such subsequent sale shall be exempt from tax under this subsection unless the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time or within such further time as that authority may, for sufficient cause, permit,--

(a) a certificate duly filled and signed by the registered dealer from whom the goods were purchased containing the prescribed particulars in a prescribed form obtained from the prescribed authority; and

(b) if the subsequent sale is made to a registered dealer, a declaration referred to in sub-section (4) of section 8:

Provided further that it shall not be necessary to furnish the declaration referred to in clause (b) of the preceding proviso in respect of a subsequent sale of goods if,--

(a) the sale or purchase of such goods is, under the sales tax law of the appropriate State exempt from tax generally or is subject to tax generally at a rate which is lower than three per cent, or such reduced rate as may be notified by the Central Government, by notification in the Official Gazette, under sub-section (1) of section 8 (whether called a tax or fee or by any other name); and

(b) the dealer effecting such subsequent sale proves to the

satisfaction of the authority referred to in the preceding proviso that such sale is of the nature referred to in this sub-section."

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

In section 7 of the principal Act, in sub-section (2A), for the words, brackets and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8", shall be substituted.

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

In section 8 of the principal Act,--

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:--

"(1) Every dealer, who in the course of inter-State trade or commerce, sells to a registered dealer goods of the description referred to in sub-section (3), shall be liable to pay tax under this Act, which shall be three per cent, of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower:

Provided that the Central Government may, by notification in the Official Gazette, reduce the rate of tax under this sub-section.

(2) The tax payable by any dealer on his turnover in so far as the turnover or any part thereof relates to the sale of goods in the course of inter-State trade or service not falling within sub-section (1), shall be at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State.

Explanation.--For the purposes of this sub-section, a dealer shall be deemed to be a dealer liable to pay tax under the sales tax law of the appropriate State, notwithstanding that he, in fact, may not be so liable under that law.";

(b) in sub-section (3), in the opening portion, for the words, brackets, figure and Letter "The goods referred to in clause (b) of sub-section (1)", the following shall be substituted, namely:--

"The goods referred to in sub-section (1),--";

(c) for sub-section (4), the following shall be substituted, namely:--

"(4) The provisions of sub-section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the

registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority:

Provided that the declaration is furnished within the prescribed time or within such further time as that authority may, for sufficient cause, permit.";

(d) in sub-section (5), in clauses (a) and (b), the words "or the Government" and the words, brackets and figure "or sub-section (2)", wherever they occur, shall be omitted.

#### **5. Amendment Of Section 9 :-**

In section 9 of the principal Act, in sub-section (1), in the proviso, in clause (a), for the words, letter, brackets and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8" shall be substituted.

#### **6. Amendment Of Section 10 :-**

In section 10 of the principal Act, in clause (a), the words "certificate or" shall be omitted.

#### **7. Amendment Of Section 10A :-**

In section 10A of the principal Act, in sub-section (2), in clause (a), for the words, letter, brackets and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8" shall be substituted.

#### **8. Amendment Of Section 14 :-**

In section 14 of the principal Act, clause (ix) shall be omitted.

### **CHAPTER 3** ADDITIONAL DUTIES OF EXCISE

#### **9. Omission Of Section 4 :-**

In the Additional Duties of Excise (Goods of Special Importance) Act, 1957(58 of 1957) (hereinafter referred to as the Additional Duties of Excise Act), section 4 shall be omitted.

#### **10. Amendment Of First Schedule :-**

In the Additional Duties of Excise Act, in the First Schedule, headings 2401,2402 and 2403, and sub-headings and tariff items

there under, and the entries relating thereto shall be omitted.

**11. Omission Of Second Schedule :-**

In the Additional Duties of Excise Act, the Second Schedule shall be omitted.