

Administration of  
Dadra and Nagar Haveli, UT  
Department of Value Added Tax,  
1<sup>st</sup> Floor, Udhog Bhavan, 66 KV Road,  
Silvassa- 396 230

No.ADM/DC/VAT/c-Forms/2013 / 913

Dated: 10 /09/2013.

**CIRCULAR**


Subject:- Sale / Purchase of Car and other vehicles against 'C' forms intended for tax evasion- to be penalised...

It is hereby brought to the notice of all concerned dealers, consumers, customers making sale or purchase of vehicles like Passenger Car, Goods /Transport vehicle/ Other type of machines covered under Motor Vehicles Act that as per provisions of the Central Sales Tax Act, 1956 no tax concession is available on sale / purchase of such items except to those who are registered dealers for trading of vehicles.

Any such transaction undertaken with or without 'C' forms effecting tax concession shall be treated as illegal and the due tax shall be recovered alongwith interest/ penalty payable thereon. (A copy text of CST manual is enclosed herewith for guidance)

All the concerned dealers/ customers are therefore directed to deposit full tax payable on such transactions as per CST Act and Rules made thereunder within one month from the date of issue of this Circular, failing which necessary action for recovery of tax dues alongwith action for penal interest shall be taken against the defaulters.

Encl: As stated

  
( V.M.Bhagi )  
Deputy Commissioner (VAT),  
Dadra and Nagar Haveli,  
**SILVASSA.**

22/9/13

- To, 1) All authorized Selling Dealers of Car/Vehicles.
- 2) Copy fd. Wcs. To the Assitt. Director(Transport), Dadra and Nagar Haveli,Silvassa
- 3) Copy fd.wcs .to Silvassa Industries & manufacturing Association/DMH Industries association/Civil Contractor association
- 4) Copy fd.wcs. to the Director, IT ,DNH for uploading the circular on DNH Website.
- 5) Copy to uploading the Circular on www.dnhctd.gov.in

## Extract of Central Sales Tax Act, 1956.

### Illustrations in respect of eligible/not eligible goods

15.3-9 Study of some cases will clarify the legal position regarding items eligible and not eligible.

#### Cases regarding Goods eligible \_\_

- ❖ Electrical equipment used in place of production, *but not* fans, coolers, air-conditioners etc. used in office.
- ❖ Generator, accessories, spare parts and fuel for power generation as stand-by measure in case of power failure.
- ❖ Diesel used to generate electricity within the plant for manufacture of final product – *Rama Paper Mills v. State of UP* (2003) 132 STC 8 (All HC FB) – view finally confirmed in *CTO c. Rajasthan Taxchem Ltd.* (2007) 5 VST 529 (SC).
- ❖ Steel plates and tubes purchased for use in factory for repair of machinery are eligible – *Vegetable Industries Complex v. CTO* (2006) 143 STC 308 (All HC).
- ❖ Use of goods in works contract are eligible, if contained in registration certificate.

#### Case regarding Goods not eligible \_\_

- ❖ Office stationery and office furniture may be 'likely to facilitate manufacture' but it is not 'in manufacture'. [Central Government circular No.9(88) ST/57 dated 12-11-1958]
- ❖ Cement used in construction of building is not eligible as it is not 'for sale' or 'for manufacture'. The tax at full rate will be payable on material in respect of which the declaration in form 'C' was wrongly given. – *Hira Cement v. State of Orissa* (1998) 108 STC 619 (Ori HC DB).
- ❖ Motor cars and vehicles used for transport – not eligible [Central Government circular No.9(88) ST/57 dated 12-11-1958]
- ❖ Fertilisers, chemicals etc. used in tea cultivation not eligible as these are in the 'agricultural operation' and not in manufacture and processing of tea. – *Travancore Tea Estates v. State of Kerala* – (1977) 39 STC 1 (SC) = (1977) 1 SCR 755.
- ❖ Trucks for transporting of goods from factory/mine to Railway siding not eligible as not used 'in manufacture' or 'in processing'.