

**GOVERNMENT OF WEST BENGAL
DIRECTORATE OF COMMERCIAL TAXES,
14, BELIAGHATA ROAD, KOLKATA-700 015.**

TRADE CIRCULAR No. 8/2009

Date: 13.10.2009

Reg : Intra-state sales, whether taxable or non-taxable, to be made to or to be made by Canteen Stores Department of Govt. of India and others during the period from 1.11.2009 to 30.6.2010.

Rule 26C and Rule 26D were inserted to the W.B. VAT Rules, 2005 w.e.f. 1.9.2005 by Notification No. 1922-FT dated 14.10.2005. Intra-state sales of all vatable goods, made by a dealer to the Canteen Stores Department (CSD) of the Govt. of India or the Regimental or Unit – run Canteen attached to the Military units in West Bengal were held to be exempted from payment of VAT w.e.f. 1.9.2005 and the relevant rule is rule 26C. In the same spirit, intra-state sales of all vatable goods made by Canteen Stores Department (CSD) of the Govt. of India or the Regimental or Unit – run Canteen attached to the Military units, as the case may be, to any member or members of the Defence Forces of India within West Bengal were declared to be exempted from payment of VAT with effect from the same date and relevant rule is Rule 26D. In both the cases certain conditions were required to be fulfilled. Whatever may be the conditions, it is clear in the above context that:

1. CSD and other Military authorities noted hereinabove were given liberty to make intra-state purchase of all Vatable goods without paying any tax.
2. But the above authorities had to make inter-state purchase of all Vatable goods by paying CST at the usual rate.
3. They were allowed to make intra-state sale without charging any tax of all vatable goods purchased from within the state when such sales were made to Defence Personnel.
4. They were allowed to make intra-state sale without charging any tax of all vatable goods purchased from outside state when such sales were made to Defence Personnel.
5. But CSD were under legal obligation to make intra-state sale by charging tax of all vatable goods either purchased from within state or purchased from outside state when sold to Regimental or Unit-run Canteen attached to the Military Units in West Bengal.

The situation has now taken a new turn after issue of a notification. Notification No. 1494-FT dated 24.9.2009 which shall come into effect from 1st November, 2009 has brought about certain changes in the above prescription. Rule 26C and Rule 26D have been modified and a new rule i.e. 26DA has been inserted to WBVAT Rules, 2005 with effect from the same date. Second proviso is added to Rule 26C that makes this Rule inoperative for the period from 1.11.2009 to 30.6.2010. In Rule 26D intra-state purchases made by above authorities has been isolated from inter-state purchases for the purpose of sales of both types of goods under this rule. In Rule 26DA inter-departmental sales which were held to be taxable earlier is declared exempted under the changed circumstances. The outcome of all these changes, taken together, are outlined below which will be effective from 1.11.2009 and will be operative upto 30.6.2010.

1. CSD and other Military authorities noted hereinabove have to make intra-state purchase of all vatable goods from local dealers by paying tax at the usual rate.

2. The authorities have to make inter-state purchase of all vatable goods from outside-state dealers by paying CST at the usual rate.
3. However they are given liberty to make intra-state sale without charging any tax of all vatable goods purchased from within the state when sold to Defence Personnel.
4. They will have to charge vat at relevant rate on intra-state sale of all vatable goods purchased from outside-state dealers when sold to Defence personnel.
5. CSD will be at liberty to make intra-state sale without charging tax of all vatable goods purchased from within the state when sold to Regimental or Unit-run Canteen attached to the Military Units in West Bengal.
6. But CSD will be under legal obligation to make intra-state sale by charging tax of all vatable goods purchased from outside state dealer when sold to Regimental or Unit-run Canteen attached to the Military Units in West Bengal.

Now a question may arise on what would be the fate of intra-state sale of vatable goods which are purchased from within the state and from outside the state i.e. imported ,prior to 1.11.2009 and are held as stock as on 31.10.2009. There is no dispute that stock of imported goods is to be separated from the stock of goods purchased from within the state. And the sale of imported stock will be guided by points 4 & 6 above and that of other stock will be guided by points 3 & 5 above.

It will not be out of place to mention here again that the above scheme will be operative for the period from 1.11.2009 to 30.6.2010.

All concerned are requested to bring the clarification made hereinabove to the notice of the concerned dealers to avoid any kind of dispute, confusion and future complication.

(H.K. Dwivedi)
Commissioner, Sales Tax,
West Bengal

**Memo No. 703(500)CT/PRO
3C/PRO/08**

Dated : 13.10.2009

Copy forwarded for information and necessary action to:

- 1) the Principal Secretary, Finance (Revenue) Department, Government of W.B.
- 2)Special Commissioner, Commercial Taxes, W.B./
Additional Commissioner, Commercial Taxes, W.B
- 3) the Special Officer, Bureau of Investigation.
- 4) the Sr. Joint Commissioner, Commercial Taxes, (HQ)
- 5)Sr. Joint Commissioner, Commercial Taxes,
.....Circle/Range/Central Section/.....
- 6)Joint Commissioner, Commercial Taxes
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- 7) the Public Relations Officer, Directorate of Commercial Taxes, W.B.
- 8) Trade Bodies.....
- 9) website “www.wbcomtax.gov.in”

for Commissioner,
Commercial Taxes,W.B