



DIAMONDS, GEMS & JEWELLERY



Sponsored by Ministry of Commerce
& Industry, Government of India

Ref. No.GJC/ST/2009-10

February 02,2010

TO ALL MEMBERS OF THE COUNCIL

Dear Sir,

You are requested to take note of the recent Trade Circular No.VAT/MMB/1008/15/Adm-6/B/Trade Circular No.2 T of 2010 dated 11/01/2010 issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai (copy enclosed). As per the said Circular, F Forms are mandatory for all the dealers in Maharashtra who received goods for job work or as goods return. We understand that the Trade Circular issued by the Commissioner of Sales Tax is based on the recent judgement of the Allahabad High Court which was upheld by the Hon'ble Supreme Court (24 VST 356).

We are taking up the matter with the concerned government authorities so that our sector can be given a special waiver from the said clause looking at the difficulty which will be faced by small karigars to obtain Sales Tax Number and then issue Form F to principals at Mumbai.

You are requested to take note of the above mentioned circular which is enclosed herewith for your ready reference and act accordingly till any solution may come out from our parleys with the government.

Thanking you,

Yours faithfully,


SABYASACHI RAY
EXECUTIVE DIRECTOR

Encl: a.a.

रत्न तथा आभूषण निर्यात संवर्धन परिषद

(भारत सरकार, वाणिज्य एवं उद्योग मंत्रालय द्वारा प्रायोजित)

मुख्य कार्यालय : डायमंड प्लाजा, पाँचवी मंजिल, 391-ए, डॉ. दादासाहेब भडकमकर मार्ग, मुंबई - 400 004, भारत.
Head Office : Diamond Plaza, 5th Floor, 391-A, Dr. Dadasaheb Bhadkarnkar Marg, Mumbai - 400 004, India.
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ई-मेल / E-mail : glepc@vsnl.com • इंटरनेट / Internet : <http://www.gjepc.org>

Office of the
Commissioner of Sales Tax,
829, 8th Floor, Vikrikar Bhavan,
Mazgaon, Mumbai-400 010.

TRADE CIRCULAR

To
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No.VAT/MMB/1008/15/Adm-6/B
(Trade Cir.No.- 2-T of 2010)

Mumbai, Dt. 11/01/2010

Sub: Tax Treatment of Goods sent to other States.

Ref: 1. Trade Circular 16T of 2007 dated 20th February 2007.
2. Trade Circular 5T of 2009 dated 29th January 2009.

Gentlemen/Sir/Madam,

This office had issued above referred Trade Circulars explaining scope of section 6A of CST Act, 1956. In the Trade Circular dated 20th February 2007, a view had been taken that section 6A of CST Act, 1956 deals only with transactions between principal and agent and that it applies in those cases where the movement of goods is to the place of business of the dealer himself in another state or to his agent or his principal in another state. It was viewed that section 6A does not deal with transactions which are on a principal to principal basis. Hence, the non-sale transactions like job work which are transactions from principal to principal basis were viewed to be out of purview of section 6A of CST Act, 1956 and not requiring F Forms.

2. Thereafter, the Allahabad High Court delivered a Judgement dated 17th August, 2007 in the case of M/s Ambica Steels Ltd. V/s the State of Uttar Pradesh. The issue before the Court was whether the petitioner is required to submit the declaration in Form F in respect of the transaction of job work performed by it. The High Court decided that it would be necessary to furnish declarations in Form F in such instances. In view of this Judgement, it was decided to issue F Forms to the dealers in Maharashtra who received goods for job work or as goods return. This aspect has been elaborated in Trade Circular 5T of 2009 dated 29th January 2009.

3. The decision of Allahabad High Court in M/s Ambica Steels Ltd. was challenged before the Hon'ble Supreme Court. In the brief order passed by the Hon'ble Supreme Court (24 VST 356) in this case, it is stated that the dealer agreed

to produce the required declarations. Hon'ble Supreme Court has not done away with the need of mandatory F Forms applicable to such transactions as job work which was outcome of the Allahabad High Court decision. In view of this, the decision of the Allahabad High Court in case of M/s Ambica Steel Ltd. (12 VST 216) stands and following instructions are issued.

4. The Trade Circular 16T of 2007 dated 20th February 2007 and Trade Circular 5T of 2009 dated 29th January 2009 are hereby withdrawn. F forms are mandatory for all transactions of inter state transfers (not by way of sale) including job work and goods return. Declarations in Form F will be issued to the dealers to comply with this view.

5. This Circular cannot be made use of for legal interpretation of the provisions of law, as it is clarificatory in nature. If any member of the trade has any doubt, he may refer the matter to this office for further clarification.

6. You are requested to bring the contents of this circular to the notice of all the members of your Association.

Yours faithfully,



(Sanjay Bhatia)

Commissioner of Sales Tax,
Maharashtra State, Mumbai.

No.VAT/MMB/1008/15/Adm-6/B Mumbai, Dt. 11/01/2010 ✓
Trade Cir. 2 T of 2010

Copy forwarded to:

1. a. All the Addl. Commissioners of Sales Tax in the State.
- b. All the Joint Commissioners of Sales Tax in the State.
- c. All the Sr.Dy. Commissioners of Sales Tax in the State.
- d. All the Dy. Commissioners of Sales Tax in the State.
- e. All the Asstt. Commissioners of Sales Tax in the State.
- f. All Sales Tax Officers in the state.

2. Copy forwarded with compliments for information to:

- a. The Officer on Special Duty, Finance Department, Mantralaya, Mumbai.
- b. The Under Secretary, Finance Department, Mantralaya, Mumbai.
- c. The Accounts Officer, Sales Tax Revenue Audit, Mumbai and Nagpur.

3. Copy to:

All the Desks and Desk Officers in the office of the Commissioner of Sales Tax,
Maharashtra State, Mumbai.



(G.B. Indurkar)

Joint Commissioner of Sales Tax,
(H.Q.) Maharashtra State, Mumbai.