

OFFICE OF THE COMMISSIONER OF COMMERCIAL TAXES, ODISHA, CUTTACK.

No. 2350/CT

Dt. 13/02/2015

11(C) 47/07

CIRCULAR

Sub: In the matter of determination of measure of tax under Odisha Entry Tax Act and Odisha VAT Act in case of Manufacturers.

It has been brought to the notice of the undersigned that there is ambiguity with regard to determining the measure of tax while auditing a manufacturing dealer under Odisha Entry Tax Act and Odisha VAT Act. This arises due to definitions of 'Purchase value' under the OET Act and 'Sale price' under the OVAT Act. The interpretations vary across the state and leads to unnecessary harassment of the dealer and also needless litigation.

Entry Tax is leviable on entry of the scheduled goods into a local area for consumption, use or sale therein on purchase value. *Section 26 of the Entry Tax Act provides that the manufacturer shall collect Entry Tax in the respect of sale of its finished product effected by it to a buying dealer or customer and pay the tax so collected into the Government Treasury.* Section 3 of the Act stipulates collection of entry tax on the purchase value of the goods brought into the local area. Section 26 of the Act stipulates that the manufacturers shall collect the tax on value of its finished goods, which is the purchase value of the buyer. Purchase value under Entry Tax Act is defined in Section 2(j) which is as follows:

"PURCHASE VALUE" means the value of scheduled goods are ascertained from original invoice or bill and includes insurance charges, excise duties, countervailing charges, sales tax, value added tax or, as the case may be, turnover tax transport charges, freight charges and all other charges incidental to the purchase of such goods:"

As it is defined, purchase value under Entry Tax Act includes VAT paid on the goods. It implies that Entry Tax is to be collected on purchase value which also includes VAT.

Value Added Tax is leviable on the Sale price. Sale price as defined under VAT Act includes Entry Tax paid on the goods. Sale price is defined in Section 2(46) of Odisha VAT Act and the explanation appended to the definition is as follows:

"SALE PRICE" means the amount of valuable consideration received or receivable by a dealer as consideration for the sale of any goods less any sum allowed as cash discount or trade discount at the time of delivery or before delivery of such goods but inclusive of any sum charged for

