

Sales Tax Exemptions:

States offer tax exemptions in certain cases, which can be humanitarian or to avoid double taxation.

- Sellers with genuine state resale certificates are exempted from tax when they resell products.
- Products sold to charities or schools are provided tax exemptions.
- There are a list of essential and local commodities which are exempted from sales tax.

PAYMENT OF TAXES

The tax should be collected by the registered dealer, who sells goods in the course of inter-State trade or commerce and shall be paid by him into the Government treasury in challan No. MTR 6, before filing return, within the time, as may be prescribed by the State Government in the local Act.

FILING OF RETURNS

A dealer, registered under Central Sales Tax Act, is liable to file periodic returns as per periodicity and due date/s as may be prescribed under the local sales tax (VAT) law.

Note: In the State of Maharashtra, there was an old circular whereby the dealers holding CST registration certificate, but not having any tax liability under the CST Act, during a period, were exempted from filing CST return/s. However, the said circular is now modified through Trade Circular No. 20T of 2014, dated 25th November, 2014. Accordingly, with effect from 1st October 2014, all those dealers having following types of transactions must file CST returns:-

- Inter-State sale u/s. 3 of CST Act,
- Goods transferred u/s. 6A (1) of CST Act,
- Sales outside the State u/s. 4 of CST Act,
- Export sales u/s. 5(1) and 5(3) of CST Act,
- Sales in the course of import u/s 5(2) of CST Act

The dealers, falling under any of the above referred categories, if not filing CST returns, shall be treated as defaulter/s.

OFFENCES AND PENALTIES

Simple imprisonment up to six months or fine or both are provided for the following offences:

- Furnishing false declarations/certificates;
Failure to get registered or to furnish security;
- False representation, while purchasing goods, that the goods are covered by registration certificate;
- False representation about being a registered dealer;
- Failure, without reasonable excuse, to use goods for the purpose certified in the C form declaration;