

**ORDER OF CLARIFICATION MADE BY SHRI RAMENDRA JAKHU,
FINANCIAL COMMISSIONER & PRINCIPAL SECRETARY,
GOVERNMENT OF HARYANA, EXCISE AND TAXATION
DEPARTMENT UNDER SECTION 56(3) OF THE
HARYANA VALUE ADDED TAX ACT, 2003**

Querist : M/s Food Corporation of India, Panchkula.

The querist M/s Food Corporation of India, Panchkula holding TIN No. 06062209679 and has sought clarification under section 56(3) of the Haryana VAT Act 2003 regarding implication of amendment in sub-section (3) of section 3 of the Haryana VAT Act introduced vide notification No. Leg. 14/2009 dated 20.3.2009 (Haryana Act No. 10 of 2009) whereby word 'or receives' has been inserted after word purchases in sub-section 3 of section 3 of the Haryana VAT Act, 2003. FCI transfers wheat, paddy etc. from border area of Punjab to its branches in Haryana State due to the reason of administrative feasibility as well as availability of storing space and to minimize the handling charges of foodgrains. The said stock, transferred from neighbouring state of Punjab, are further transferred to other states and apprehension of the querist is that in light of the amendment referred above, the stock received in Haryana from Punjab would also be taxable in Haryana and the same will be additional tax burden on FCI on account of levy of VAT on such receipt and has accordingly sought clarification as to whether the said amendment will affect the stock so received from other states by FCI on branch transfer basis and then transferred to deficit states. The matter has been examined. As per amended section 3(3), if a dealer liable to pay tax under sub-section (1) or sub-section(2) of section 3 purchases or receives any taxable goods in the state from any source in the circumstances that no tax is levied or paid under this Act and he either exports them out of state or disposes them of in the circumstances in which no tax is payable under this Act or the Central Act by him to the state on them or the goods manufactured there from, then, he shall, subject to the provisions of sub-section 4, be liable to pay tax on the purchase or receipt thereof.

As per section 3(3) reproduced above liability to pay tax on the **purchases or receipt there of** arises under the circumstances when a assessee purchases or receives any taxable goods in the state. Thus, the goods, to attract tax under this section should have been purchased from within Haryana State. This point is further made clear in the following lines viz **from any source in the circumstances that no tax is levied or paid under this Act.** This expression makes it amply clear that purchase tax liability under the amended sub section 3(3) is incurred only when such goods are purchased or received from within Haryana state and no any tax liability is incurred in regard to receipt of goods which have been

received from any source outside the State. The point is further made clear in the preamble of the Act which states that it is an **Act to provide for levy and collection on the sale or purchase of goods in the State of Haryana and matters incidental thereto.** Matter is clarified accordingly.

Chandigarh
Dated: 11-08-2009

(RAMENDRA JAKHU)
Financial Commissioner & Principal Secretary
to Govt. Haryana, Excise and Taxation
Department.

Issued vide letter No.1203-05/ST-I, dated 25-08-2009