THE ARUNACHAL PRADESH GOODS TAX ACT, 2005 (ACT NO. 3 OF 2005)

(Received the assent of the Governor on 10th March, 2005) and published in the Arunachal Pradesh E.O. Gazette No. 139, Vol. XIII dated 16th March, 2005).

1.As amended by Arunachal Pradesh Goods Tax Act, 2006 (Act no 7 of 2006) (Received the assent of the Governor on 20th April, 2006 and published in the Arunachal Pradesh E.O.

2.As amended by Arunachal Pradesh Goods Tax Act, 2006 (Act no 11 of 2006) (Received the assent of the Governor on 6th December, 2006 and published in the Arunachal Pradesh E.O.

3.As amended by Arunachal Pradesh Goods Tax Act, 2007(Act no 3 of 2007) (Received the assent of the Governor on 08th April, 2007 and published in the Arunachal Pradesh E.O.

4.As amended by Arunachal Pradesh Goods Tax Act, 2010(Act no 4 of 2010) (Received the assent of the Governor on 20th April, 2010 and published in the Arunachal Pradesh E.O. Gazette No. 37, Vol. XVII dated 5th May. 2010). wef 28/08/2009

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to levy consumption tax on goods consumed in the State of Arunachal Pradesh through a combination of tax on entry of goods in local area of Arunachal Pradesh and value added sales tax on the business in the State.

BE it enacted by the Legislative Assembly of Arunachal Pradesh in the Fifty-Sixth Year of the Republic of India as follows:-

CHAPTER- I.

PRELIMINARY

1. Short title, extent and commencement

(1) This Act may be called the Arunachal Pradesh Goods Tax Act, 2005.

(2) It extends to the whole of the Arunachal Pradesh.

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

(4) Upon coming into force of this Act, the Act applies to every sale of goods and the import of goods into Arunachal Pradesh in the manner provided in Section 13.

2. Definitions

In this Act, unless the context otherwise requires:

(a) "Accountant" means-

(i) a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949;

(ii) a person who by virtue of the provisions of section 226(2) of the Companies Act, 1956, is entitled to be appointed to act as an auditor of Companies registered; or

(iii) a person referred to in Section 619 of the Companies Act, 1956.

(b) "Appellate Tribunal" means the Appellate Tribunal constituted under section 74 of this Act.

(c) "Approved Road Transporter" means an Approved Road Transporter as described in Section 26.

(d) "Approved Warehouse" means a warehouse operated by a person permitted to do so pursuant to Section 26.

(e) "adequate proof" means such documents, testimony or other evidence as may be prescribed.

(f) "business" includes:

(i) the provision of such services, as may be prescribed (and excludes services provided by an employee);

(ii) any trade, commerce or manufacture;

(iii) any adventure or concern in the nature of trade, commerce or manufacture;

(iv) any agricultural or horticultural activity to produce outputs taxable under the Act.

(v) any transaction in connection with, or incidental or ancillary to, such trade, commerce, manufacture, adventure or concern; and

(vi) any occasional transaction in the nature of such service, trade, commerce, manufacture, adventure or concern whether or not there is volume, frequency, continuity or regularity of such transaction;

whether or not such service, trade, commerce, manufacture, adventure or concern is carried on with a motive to make gain or profit and whether or not any gain or

profit accrues from such service, trade, commerce, manufacture, adventure or concern.

Explanation: For the purpose of this clause —

(i) any transaction of sale or purchase of capital assets pertaining to such service, trade, commerce, manufacture, adventure or concern shall be deemed to be business.

(ii) purchase of any goods, the price of which is debited to the business and sale of any goods, the proceeds of which are credited to the business shall be deemed to be business.

(g) "business premises" means any building or place used by a person for the conduct of his business, but does not include any building or the part of any building that is used principally as a residence.

(h) "capital goods" means plant, machinery and equipment used in the process of business.

(i) "casual trader" means a person who, whether as principal, agent or in any other capacity undertakes occasional transactions in the nature of business involving buying, selling, supply or distribution of goods or conducting any exhibition-cum-sale in Arunachal Pradesh whether for cash, deferred payment, commission, remuneration or other valuable consideration.

(j) "Commissioner" means the Commissioner of Goods Tax.

(k) "in the course of" includes activities done for the purposes of, in connection with or incidental to and includes activities done as part of the preparation for the activity and in the termination of the activity.

(I) "dealer" means —

(i)many person who, for the purposes of or in connection with or incidental to or in the course of his business buys, sells, supplies or distributes goods directly or otherwise, whether for cash or for deferred payment or for commission, remuneration or other valuable consideration;

(ii) each department of the Central Government or a State Government, a local Authority, Panchayat, Municipality, Development Authority, Cantonment Board and each autonomous or statutory body or an industrial, commercial, banking, insurance or trading undertaking whether or not of the Central Government or any of the State Governments or of a local authority, if it sells, supplies or distributes goods, in the

course of specified activities which may be prescribed from time to time;

(iii) a factor, commission agent, broker, *del credere* agent, or any other mercantile agent by whatever name called, who carries on the business of buying, selling, supplying or distributing goods on behalf of any principal, whether disclosed or not;

(iv) an agent of a non-resident (where such nonresident is a dealer under any other sub-clause of this definition);

(v) local branch of a firm or company or association of persons, outside Arunachal Pradesh (where such firm, company, association of persons is a dealer under any other sub-clause of this definition);

(vi) a club, association, society, trust, or cooperative society, whether incorporated or unincorporated, which buys goods from or sells goods to its members for price, fee or subscription, whether or not in the course of business;

(vii) an auctioneer, who sells or auctions goods belonging to any principal, whether disclosed or not and whether the offer of the intending purchaser is accepted by him or by the principal or a nominee of the principal;

(viii) a casual trader; or

(ix) any person who, for the purposes of or in connection with or incidental to or in the course of his business disposes of any goods as unclaimed or confiscated, or unserviceable or scrap, surplus, old, obsolete or as discarded material or waste products by way of sale.

(m) "entry of goods into Arunachal Pradesh" means taking, receiving, bringing, carrying, transporting, or causing to bring or receive goods into the local area of Arunachal Pradesh from any place outside Arunachal Pradesh. In the case of goods arriving in Arunachal Pradesh from a foreign country through Customs, the import of the goods occurs at the place where the goods are cleared by Customs for home consumption.

(n) "fair market value" means the value at which goods of like kind and quality are sold or would be sold in the same quantities between unrelated parties in the open market in Arunachal Pradesh.

(o) "goods" means every kind of movable property (other than newspapers, actionable claims, stocks, shares and securities) and includes:

(i) livestock, all materials, commodities, grass or things attached to or forming part of the earth which are agreed to be severed before sale or under a contract of sale; and

(ii) property in goods (whether as goods or in some other form) involved in the
execution of a works contract, lease or hire-purchase or those to be used in the fitting out, improvement or repair of movable property.

(p) "goods vehicle" means a motor vehicle, vessel, boat, animal, railway carriage, aircraft, and any other form of conveyance used for carrying goods.

(q) "import" means causing entry of goods into local area of Arunachal Pradesh.

(r) "importer" means:

(i) a person who brings their own goods into Arunachal Pradesh; or

(ii) a person on whose behalf another person brings goods into Arunachal Pradesh; or (iii) in the case of a sale occurring in the circumstances referred to in section 6(2) of the Central Sales Tax Act, 1956 (74 of 1956), the person in Arunachal Pradesh to whom the goods are delivered.

(s) "input tax" —

(i) in relation to the purchase of goods, means the proportion of the price paid by the buyer for the goods which represents tax for which the selling dealer is liable;

(ii) in relation to an import of goods, means the amount of tax for which the importer is liable under this Act in respect of the import.

(t) "Local area of Arunachal Pradesh" means the area falling within the jurisdiction of the State of Arunachal Pradesh.

(u)"notified date" means the date notified by the Governor under sub-section (3) of Section 1.

(v) "net tax" means the amount calculated for a tax period under section 11 of this Act.

(w) "non-creditable goods" means the goods listed in the Seventh Schedule.

(x) "non-taxable import" means the goods listed in the Eighth Schedule.

(y) "non-resident" means a person who has no fixed place of business or residence in Arunachal Pradesh.

(zb) "prescribed" means prescribed in the Rules made under this Act.

(zc) "registered dealer" means a dealer registered under this Act. •

(zd) a person is "related" to another person (referred to in this definition as a "dealer") if the person:

(i) is a relative of the dealer:

(ii) is a partnership of which the dealer is a member, or a partner in that partnership;

(iii) is a company in which the dealer (either alone or in conjunction with another person who is or persons who are related to the dealer under another paragraph of this definition) directly or indirectly holds 40% or more of outstanding voting stock or shares;

(iv) is a person who (either alone or in conjunction with another rson who is, or other persons who are, related to the person under another paragraph of this definition) directly or indirectly owns 40% or more of outstanding voting stock or shares of the dealer;

(v) is a company in which 40% or more of outstanding voting stock is held directly or indirectly by a person (either alone or in conjunction with another person who is, or other persons who are, related to the person under another paragraph of this definition) who also holds 40% or more of the outstanding voting stock or shares of the dealer; or

(vi) is controlled by the dealer, a person whom the dealer controls, or is a person who is controlled by the same person who controls the dealer.

(ze) "relative" means a relative as defined in section 2(41) of the Companies Act, 1956.

(zf) "sale" with its grammatical variations and cognate expression means any transfer of property in goods by one person to another for cash or for deferred payment or for other valuable consideration (not including a grant or subvention payment paid by one Government agency or department to another) and includes:

(i) a transfer of property in goods on hire purchase or other system of payment by installments, but does not include a mortgage or hypothecation of or a charge or pledge on goods;

(ii) supply of goods by a society (including a co-operative society), club, firm, or any Association to its members for cash or for deferred payment or for commission, remuneration or other valuable consideration, whether or not in the course of business;

(iii) transfer of property in goods by an auctioneer referred to in sub-clause (vii) of clause (I) of this section, or sale of goods in the course of any other activity in the nature of banking, insurance who in the course of their main activity also sell goods repossessed or re-claimed;

(iv) transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;

(v) transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;

(vi) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;

(vii) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service is for cash, deferred payment or other valuable consideration;

(viii) every disposal of goods referred to in sub-clause (ix) of clause (I) of this section;

and the words "sell", "buy" and "purchase" wherever appearing with all their grammatical variations and cognate expressions, shall be construed accordingly.

(zg) "sale price" means the amount paid or payable as valuable consideration for any sale, including:

(a) the amount of tax if any for which the dealer is liable under section 3 of this Act;

(b) the amount of tax if any for which the dealer is liable under the Central Sales Tax Act, 1956 (74 of 1956);

(c) in relation to the delivery of goods on hire purchase or any system of payment by installments, the amount of valuable consideration payable to a person for such delivery including hire charges, interest and other charges incidental to such transaction;

(d) in relation to transfer of the right to use any goods for any purpose (whether or not for a specified period) the valuable consideration or hiring charges received or receivable for such transfer;

(e) any sum charged for anything done by the dealer in respect of goods at the time of or before the delivery thereof:,

(f) amount of duties levied or leviable on the goods under the Central Excise Act, .1944 or the Customs Act, 1962, or Arunachal Pradesh Excise Act, 1993 whether such duties are payable by the seller or any other person; and

(g) amount received or receivable by the seller by way of deposit (whether refundable or not) which has been received or is receivable whether by way of separate agreement or not, in connection with or incidental to or ancillary to the sale of goods;

less:

(i) any sum allowed as discount which goes to reduce the sale price according to the practice normally prevailing in trade;

(ii) the cost of freight or delivery or the cost of installation in cases where such cost is separately charged,

and the words "purchase price" with all their grammatical variations and cognate expressions, shall be construed accordingly.

Explanation : A dealer's sale price always includes the tax payable by it on making the sale, if any.

(zh) "tax" means tax payable under this Act.

(zi) "taxable quantum" means the amount defined in section 19.

(zj) "tax invoice" means the documents defined in section 51.

(zk) "tax period" means the period prescribed in the rules.

(zI) "tax fraction" means the fraction calculated in accordance with formula,r / (r+100) where `r.' is the percentage rate of tax applicable to the sale.

(zm) "transporter" means any person who, for the purposes of or in connection with or incidental to or in the course of his business transports or causes to transport goods, and includes any person whose business consists of or includes operating a railway, shipping company, air cargo terminal, inland container depot, container freight station, courier service, postal service or airline.

(zn) "turnover of purchases" means the aggregate of the amounts of purchase price paid or payable by a person in any tax period, including any input tax.

(zo) "turnover" means the aggregate of the amounts of sale price received or receivable by the person in any tax period, reduced by any tax for which the person is liable under section 3(1)(a) of this Act.

(zp) "value of goods" means the fair market value of the goods at that time including insurance charges, excise duties, countervailing duties, tax paid or payable under the Central Sales Tax Act, 1956 (74 of 1956) in respect of the sale, transport charges, freight charges and all other charges incidental to the transaction of the goods.

(zq) "works contract" includes any agreement for carrying out for cash or for deferred payment or for valuable consideration, the building construction, manufacture, processing, fabrication, erection, installation, fitting out, improvement, repair or commissioning of any movable or immovable property.

(zr) "year" means the financial year from 1 April to 31 March.

(zs) "manufacture" with all its grammatical variations and cognate expressions, means producing, making, extracting, altering, ornamenting, blending, finishing or otherwise processing, treating or adopting any goods.

CHAPTER-II.
IMPOSITION OF TAX

3. Imposition of tax

(1) Imposition on persons who are dealers and importers. Subject to other provisions of this Act, every person who is —

(a) a dealer and is —

(i) registered under this Act; or

(ii) required to be registered under this Act; or

(b) an importer of goods;

shall be liable to pay tax calculated in accordance with this Act, at the time and in the manner provided in this Act.

(2) Imposed on sale and entry of goods. Every person who —

(a) is dealer, shall be liable to pay tax on every sale of goods effected by him —

(i) while he is a registered dealer under this Act; and

(ii) on and from the day on which he was required to be registered under this Act;

(b) is an importer, shall be liable to pay tax on every entry effected by or for him of goods for consumption, use or sale in local area of Arunachal Pradesh other than a non-taxable import.

(3) Amount of tax. The amount of tax payable under this Act by a person

(a) in respect of the sale of any goods, is the person's net tax for the tax period calculated under section 11 of this Act; and

(b) in respect of the import of any goods, is the amount calculated by applying the rate stipulated in section 4 to —

(I) the value of the goods at the time of their import into Arunachal Pradesh; or

(ii) in the case of the import of goods which had previously left Arunachal Pradesh for repair, reengineering, reconditioning, assembly or processing, the value of any goods purchased outside Arunachal Pradesh incorporated into the goods.

(4) **Time at which payment of net tax is due.** The net tax of a dealer shall be paid within 28 days of the conclusion of the dealer's tax period.

Explanation: The net tax of a dealer (which is the dealer's tax reduced by tax credits and with adjustments) shall be paid at the same time as furnishing a return, but the obligation to pay arises by virtue of this provision and is not dependent on furnishing a return, nor on the issue of a notice of assessment to the dealer.

(5) **Time at which payment of tax on entry of goods is due.** The tax due on the entry of goods shall be paid —

(a) except as provided in (b),

(i) if the goods enter Arunachal Pradesh in the possession of an Approved Road Transporter and the conditions in sub-section (12) are satisfied, at the earlier of —

(A)the time at which the goods are delivered by the Approved Road Transporter to another person, or

(B)15 days after the goods are brought into Arunachal Pradesh;

(iii) if the goods enter Arunachal Pradesh in the possession of a transporter, by air or rail, at the time that the goods are delivered by the transporter to another person in Arunachal Pradesh;

(iii) if goods, which have been deposited directly into an Approved Warehouse inside Arunachal Pradesh, are sold in Arunachal Pradesh or are delivered to a person in Arunachal Pradesh, or are otherwise used or consumed in Arunachal Pradesh, at the time of such sale, or removal, use or consumption whichever is the earliest; and

(iv) in any other case, when the goods are imported into Arunachal Pradesh;

(b)in the case of the import of a motor vehicle *[excluding light motor vehicle including three and two whellers for personal*use] which is not registered in Arunachal Pradesh under the Motor Vehicles Act, 1988, at the time that the motor vehicle is so registered.

[inserted by 2006 Amd Act (Act no 11 of 2006) s.2

**[*(c) in the case of liquor (both imported or locally manufactured) tax shall be levied at single point i.e., first point.]*

[inserted by 2007 Amd Act (Act no 13 of 2007) s.2

(6) **Manner of payment of tax.** Tax shall be paid either:

(a) in the manner specified in section 38; or

(b) to an authorised officer at a check-post established under section 102.

(7)**Continuation of liability:** Every dealer who has become liable to pay tax under this Act on sales of goods shall continue to be so liable unless his taxable turnover during the prior twelve months (and such further period as may be prescribed) has remained below the taxable quantum and on the expiry of such further period his liability to pay tax shall cease.

Any dealer whose liability to pay tax under this Act ceases for any other reason may apply for earlier the cancellation of his registration, and on such cancellation, his liability to pay tax shall cease.

Provided that a dealer shall remain liable to pay tax until the date on which his registration is cancelled.

(8)**Re-commencement of liability :** Every dealer whose liability to pay tax under this Act has ceased or whose registration has been cancelled, shall, if his turnover calculated from the commencement of any year, including the year in which the registration has been cancelled, again exceeds the taxable quantum on any day within such year be liable to pay such tax on and from the date on which his turnover again exceeds the taxable quantum, on all sales effected by him on and after that day.

(9)Where it is found that any person registered as a dealer ought not to have been so registered, then notwithstanding anything contained in this Act, such person shall be liable to pay tax for the period during which he was registered.

(10) For the purposes of this section, where goods are:

(a) imported into Arunachal Pradesh;

(b) deposited directly into an Approved Warehouse inside Arunachal Pradesh; and

(c) the conditions in section 26(6) are satisfied;

the goods shall be deemed not to be for consumption, use or sale in Arunachal Pradesh.

(11) **Payment of tax by transporters or agents:** Any tax which has not been paid by an importer may be paid by a transporter or other agent on the importer's behalf and where a transporter or agent has made such a payment:

(a) it shall be treated for the purposes of this Act as a payment of tax made by the importer, and

(b) is thereupon a debt owed by the importer to the transporter or agent.

(12) For the purposes of sub-section (5), the conditions with which an Approved Road Transporter must comply are:

(a) the person must be an Approved Road Transporter at the time that the goods are imported into Arunachal Pradesh and must carry and produce on demand evidence of this status;

(b) the Approved Road Transporter must hold and produce on demand documents in the prescribed form which describe in detail the goods, the value of the goods and the identity of the recipient in Arunachal Pradesh; and

(c) either the goods must be for delivery to a registered dealer in Arunachal Pradesh or the Approved Road Transporter is a registered dealer.

(13) **Presumption of ownership or importer.** If any person who transports goods or holds goods in custody for delivery to or on behalf of any person, on being required by the Commissioner so to do, fails —

(a) to furnish any information in his possession in respect of the goods; or

(b) fails to permit inspection thereof;

then without prejudice to any other action which may be taken against such person, a presumption may be raised that the goods in respect of which he has failed to furnish information or permit inspection,

(i) were imported by him on his own behalf; or

(ii) are owned by him and are held by him for sale in Arunachal Pradesh;

and the provisions of this Act shall apply accordingly.

4. Rates of tax

(1) The rates of tax payable under the Act shall be —

(a) in respect of goods specified in the Second Schedule, at the rate of one paise in the rupee;

(b) in respect of goods specified in the Third Schedule, at the rate of four paise in the rupee;

(c) in respect of goods specified in the Fourth Schedule, at the rate of twenty paise in the rupee;

(d) in the case of any other goods, at the rate of twelve and half paise in the rupee;

Provided that the rate of tax on packing materials or containers shall be the same as the rate at which the goods sold are chargeable to tax.

(2) The Government may, if he deems it necessary, reduce the rates of tax as prescribed in subsection (1), by a notification to that effect in the Official Gazette.

5. Taxable turnover

(1) For the purposes of this Act, taxable turnover means that part of dealer's turnover arising during the tax period which remains after deducting therefrom:

(a) the turnover of sales not subject to tax under section 7 of this Act; and

(b) the turnover of sales of goods declared exempt under section 6 of this Act.

(c) (2) In the case of turnover arising from the execution of a works contract, the amount included in taxable turnover is so much of the dealer's turnover from the works contract as represents the charges towards goods, subject to such conditions as may be prescribed.

(d) Provided that in the cases where the amount of charges towards goods in such contract is not ascertainable from the terms and conditions of the contract, the amount of such charges shall be calculated as the sale price stipulated in the contract reduced by the prescribed percentage.

6. Sales exempt from tax

(1) The sale or import of goods listed in the First Schedule shall be exempt from tax subject to the conditions and exceptions set out therein.

(2) The dealers or class of dealers as may be notified and specified from time to time in the fifth schedule shall be exempted from payment of tax on all sales of goods affected by them subject to such condition as may be prescribed.

Explanation: This exemption does not extend to the import of any goods made by the dealer.

(3) Exemption for goods used exclusively in making non-taxed sales. Where a dealer sells goods that it has used since the time of purchase exclusively for purposes other than making sales of goods, and has not claimed a tax credit in respect of those goods under section 9, the sale of those goods shall be exempt from tax.

7. Certain sales not liable to tax

(1) Nothing contained in this Act or the rules made thereunder shall be deemed to impose, or authorise, the imposition of tax on any sale of goods when such sale takes place:

(a) in the course of inter-state trade or commerce; or

(b) outside Arunachal Pradesh; or

(c) in the course of import of the goods into or export of the goods out of the territory of India.

Explanation 1: Sections 3, 4 and 5 of the Central Sales Tax Act, 1956 (74 of 1956) shall apply for determining whether or not a particular sale takes place in the manner indicated in clause (a), clause (b) and clause (c) of this section.

Explanation 2: This section does not prohibit the levy of tax on the import of these goods.

(2) For the purposes of sub-section (1), a sale of goods made for foreign currency by a duty-free store in the arrival or departure hall of the International airport terminal, shall be treated as a sale made in the course of the export of goods out of the territory of India.

8. Adjustments to tax

(1) This section shall apply where, in relation to the sale of goods by any dealer —

(a) that sale has been cancelled;

(b) the nature of that sale has been fundamentally varied or altered;

(c) the previously agreed consideration for that sale has been altered by agreement with the recipient, whether due to the offer of a discount or for any other reason;

(d) the goods or part of the goods sold have been returned to the dealer; or

(e) the whole or part of the price owed by. the buyer for the purchase of the goods has been written-off by the dealer as a bad debt;

and the dealer has —

(i) provided a tax invoice in relation to that sale and the amount shown therein as tax charged on that sale is not the tax properly chargeable on that sale; or

(ii) furnished a return in relation to a tax period in respect of which tax on that sale is attributable, and has accounted for an amount of tax on that sale that is not the amount properly chargeable on that sale.

(2) Where a dealer has accounted for an incorrect amount of tax as contemplated in sub-section (1), that dealer shall make an adjustment in calculating the tax payable by that dealer in the return for the tax period during which it has become apparent that the tax is incorrect, and if —

(a) the tax payable in relation to that sale exceeds the tax actually accounted for by the dealer, the amount of that excess shall be deemed to arise in the tax

period in which the adjustment is made, and shall not be attributable to any prior tax period; or

(b) the tax actually accounted for exceeds the tax payable in relation to the sale, the amount of that deficiency shall be subtracted from the tax payable by the dealer in the tax period in which the adjustment is made, and shall not be attributable to any prior tax period.

(3) **Adjustment to tax for goods used for mixed purposes:** Where a dealer sells goods that have been used in part for making:

(a) sales that are subject to tax under this Act or sales that are not liable to tax under section 7; and

(b) partly for other purposes,

the amount of tax on the sale of the goods shall be the greater of:

(i) A — (A x B / C); or

(ii) A — B.

Where:

A =The tax for which the dealer would be liable in respect of the sale apart from this section.

B =The amount by which the tax credit of the dealer in respect of the goods was reduced under section 9(3).

C =The amount of the tax credit

9. Tax credit

(1) **Entitlement to tax credit.** Subject to subsection (2), a dealer who is registered or is required to be registered shall be entitled to a tax credit on the turnover of purchases arising during the tax period and for all imports of goods made during the tax period in the course of his activities as a dealer which are to be used directly or indirectly by him for the purpose of making:

(a)sales which are liable to tax under section 3 of this Act; and

(b)sales which are not liable to tax under section 7.

Explanation. Sales which are not liable to tax under section 7 involve exports from Arunachal Pradesh whether to other States or Union Territories, or to foreign countries.

(2) No tax credit shall be allowed —

(a)in the case of the purchase of goods, for goods purchased from a person who is not a registered dealer;

(b)for the purchase or import of non-creditable goods;

(c)for the purchase or import of goods which are to be incorporated into the structure of a building;

(d)for goods purchased from a registered dealer who has elected to use a simplified accounting method; or

(e)to the dealers or class of dealers specified in the Fifth Schedule.

(3) **Amount of tax credit.** The amount of the tax credit to which a dealer is entitled in respect of the purchase or import of goods and for which a credit is allowed under sub-section (1) is the amount of input tax arising in the tax period reduced in the manner described in sub-sections (4) and (6).

(4) Where a dealer has purchased or imported goods and the goods are to be used partly for the purpose of making the sales referred to in sub-section (1) and partly for other purposes, the amount of the tax credit shall be reduced proportionately.

(5) The method used by a dealer to determine the extent to which the goods are used in the manner specified in sub-section (4), shall be fair and reasonable in the circumstances. The Commissioner may:

(a) prescribe methods for calculating the amount of tax credit or the amount of any adjustment or reduction of a tax credit in certain instances; and

(b) after giving reasons in writing, reject the method adopted by the dealer and calculate the amount of tax credit.

Explanation: A person may object in the manner referred to in section 75 to a decision of the Commissioner to reject a method of calculating a tax credit.

(6) Where—

(a) a dealer has purchased or imported goods for which a tax credit arises under sub-section (1);

(b) the goods are to be exported from Arunachal Pradesh by way of transfer to a —

(i) non-resident consignment agent; or

(ii) non-resident branch of the dealer; and

(c) the transfer will not be by way of a sale made in Arunachal Pradesh;

the amount of the tax credit shall be reduced by the prescribed percentage.

(7) For the removal of doubt, no tax credit shall be allowed for:

(a) purchases of goods from an unregistered dealer;

(b) purchases of goods made in the course of interstate trade and commerce; or

(c) purchases or imports of goods which are used exclusively for the manufacture, processing or packing of goods specified in the First Schedule.

(8) **Time for claiming tax credit.** The tax credit may be claimed by a dealer only if the dealer holds a tax invoice at the time that the prescribed return for the tax period is furnished.

10. Adjustment to tax credit

(1) **Adjustment to tax credit for change of price, etc.** Where any purchaser has been issued with a credit note or debit note in terms of section 52 or if he returns or rejects goods purchased, as a consequence of which, the tax credit claimed by him in any tax period in respect of which the purchase of goods relates, becomes short or excess, he shall compensate such short or excess by adjusting the amount of the tax credit allowed to him in respect of the tax period in which the credit note or debit note has been issued or goods are returned.

(2) **Adjustment to tax credit for change of use, etc.** If goods which have been purchased or imported were:

(a) intended to be used for the purposes specified under section 9(1) and are subsequently used, fully or partly, for purposes other than those specified under the said sub-section, or

(b) intended for purposes other than those specified under section 9(1), and are subsequently used, fully or partly, for the purposes specified in the said sub-section, or

the tax credit claimed in respect of such purchase import shall be reduced or increased (as the case may be) for the tax period during which the said utilization otherwise has taken place.

(3) Where—

(a) goods were purchased or imported by a dealer,

(b) the dealer claimed a tax credit in respect of the goods, and did not reduce the tax credit by the prescribed percentage; and

(c) the goods are exported from Arunachal Pradesh, other than by way of a sale, to a branch of the registered dealer or to a consignment agent, the dealer shall reduce the amount of tax credit originally claimed by the prescribed proportion.

(4) If goods which have been purchased or imported by a dealer were —

(a) intended to be used for the purposes specified under section 9(1), and

are subsequently incorporated into the structure of a building, the tax credit claimed in respect of such purchase or import shall be reduced in the tax period during which such incorporation takes place.

11. Net tax

(1) The net tax payable by a dealer for a tax period shall be determined by the formula:

Net Tax = 0 — I — C

Where:

0= the amount of tax payable by the person at the rates stipulated in section 5 in respect of the taxable turnover arising in the tax period, adjusted to take into account any adjustments to the tax payable required by section 8.

I = the amount of the tax credit arising in the tax period to which the person is entitled under section 9, adjusted to take into account any adjustments to the tax credit required by section 10.

C= the amount, if any, brought forward from the previous tax period under sub-section (2).

(2) Where the net tax of a dealer calculated under sub-section (1) is a negative value, the dealer shall be entitled to claim a refund of the amount and the Commissioner shall deal with the refund claim in the manner described in section 40.

Explanation: The Commissioner shall be entitled to apply the refund against other amounts owed under this Act and the Central Sales Tax Act, to withhold the refund in certain cases and to seek security for a cash refund. The dealer may elect to apply the refund as a tax credit in the next tax period.

12. Time at which turnover, turnover of purchases and adjustments arise

(1) Subject to sub-sections (2), (3) and (4), the amount of the turnover and the turnover of purchases of a dealer which arises during any tax period shall be the amount recorded in the accounts of the dealer where those accounts are regularly and systematically prepared and maintained, give a true and fair view of the taxpayer's dealings, and are employed by the dealer in determining the turnover of the dealer's business for commercial or income tax purposes.

(2) The Commissioner may by notification —

(a) permit certain classes of dealer to record turnover based on amounts paid or received; and

(b) require certain classes of dealer to record turnover based on amounts payable or receivable.

(3) Where a dealer wishes to change the method of determining the turnover and turnover of purchases, he may only make the change with the consent of the Commissioner and on such terms and conditions as the Commissioner may impose.

(4) The Commissioner may by notification prescribe the time at which a dealer shall treat the —

(a) turnover;

(b) turnover of purchases; and

(c) adjustment of tax or adjustment to a tax credit; as arising for a class of transaction.

13. Application to sales, purchases and imports

(1) The tax imposed by section 3 applies to every:

(a) sale, including an installment sale and hire purchase of goods, made on and after the notified date;

(b) sale in the form of the transfer of a right to use goods, to the extent that the right to use goods is exercised after the notified date; and

(c) import of goods into Arunachal Pradesh made on and after the notified date.

(2) Tax credits arising under section 9 shall be allowed only for —

(a) a purchase, including a purchase under an installment sale and hire purchase of goods, made on and after the notified date;

(b) a purchase occurring in the form of the acquisition of a right to use goods, to the extent that the right to use goods is exercised after the notified date; and

(c) the import of goods into Arunachal Pradesh made on and after the notified date.

Explanation : This provision does not prevent the person claiming the special tax credit allowed under section 15.

(4) Where an amount is paid or received prior to the notified date in respect of a sale or purchase occurring after the notified date, and the person calculates his turnover or turnover of purchases based on amounts paid and received, the amount shall be treated as

forming part of the person's turnover or turnover of purchases in the tax period in which the sale occurs.

CHAPTER III.

SPECIAL REGIMES

14. Priority

Where a provision in this Chapter is inconsistent with a provision in Chapter Il, the provision in this Chapter shall, to the extent of the inconsistency, prevail.

15. Treatment of stock brought forward during transition

(1) Deemed input credit. Within a period of four months of commencement of this Act, all registered dealers wishing to claim the credit referred to in sub- section (2), shall furnish to the Commissioner a statement of their trading stock, raw materials and packaging materials for trading stock (in this section referred to as “opening stock”) which —

(a) is held on the date of commencement of this Act;

(b) is in Arunachal Pradesh on the date of commencement of this Act; and

(C) was purchased by the dealer after 1 April 2004; in such form as may be prescribed.

(2) lf-
(a) the dealer has furnished the statement referred to in sub-section (1);

(b) the opening stock has suffered tax under the Arunachal Pradesh Sales Tax Act 1999 at the point specified by the Government under section 5 of the said Act; and

(C) if the opening stock had been purchased by the dealer after the commencement of this Act from another registered dealer, the dealer would have been entitled to a tax credit under section 9(1), the amount of tax suffered under the Arunachal Pradesh Sales Tax Act 1999 on such opening stock, determined in such manner and subject to such conditions and restrictions and up to the extent as may be prescribed, shall be credited to the registered dealer as if a tax credit under section 9;

Provided that no tax credit under this section shall be allowed unless the dealer has In his possession, invoices issued by a dealer registered under the Arunachal Pradesh Sales Tax Act 1999 in respect of the purchases of the said goods;

Provided further that the dealer must claim the entire amount of credit to which he is entitled in a single statement, which accompanies a return furnished under this Act.

(3) For the avoidance of doubt, no tax credit under sub-section (2) can be claimed:

(a) for finished goods or capital goods;

(b) for any goods that were taxable at last point under the Arunachal Pradesh Sales Tax Act 1999 held at the time of commencement of this Act;

(c) in a statement furnished more than 4 months after the commencement of this Act; or

(d) for opening stock which is held outside Arunachal Pradesh.

(4) Audit certificate. Every dealer wishing to claim a tax credit for opening stock in excess of Rupees one hundred thousand must furnish with the statement a certificate signed by an Accountant in the prescribed

form certifying that the net refund claim made is true and correct.

(5) Tax on transition stock. Notwithstanding section 3, if —

(a) a person was registered as a dealer under the Arunachal Pradesh Sales Tax Act, 1999 (Act 5 of 1999); |

(b) the person is not registered as a dealer under this Act pursuant to section 25, and the person has not applied to be registered as a dealer within one month of the date of commencement of this Act; and

(c) on the date of commencement of this Act, the dealer held opening stock or finished goods which had not suffered tax under the Arunachal Pradesh Sales Tax Act 1999; and the person shall be liable to pay tax under this Act at the rates specified in section 4 on the fair market value of the opening stock held on the date of commencement of this Act.

**[(6) The tax due under sub-section (5) shall be paid in four equal instalments, alongwith the quarterly returns. The dealers are allowed to avail credit of tax paid on Opening Stock in the corresponding four quarters.]*

*[Substituted by 2006 Amd Act (Act no 7 of 2006)s.2

16. Second-hand goods

(1) This section applies where —

(a) aregistered dealer sells second-hand goods;

(b) the dealer has purchased goods from a resident seller who was not registered under this Act;

(c) the goods were purchased either as trading stock for re-sale in an unmodified form, or as raw materials for incorporation or division into trading stock;

(d) the dealer will be liable to tax under section 3 on the sale of the goods or the goods into which they were incorporated as the case may be;

and

(e) the dealer has adequate proof of the amount paid for the goods.

(2) Where this section applies, the registered dealer will be entitled to a tax credit for the purposes of section 9 of the least of —

(a) the input tax borne by the resident seller when he purchased the goods;

(b) the tax fraction of the original cost of the goods to the resident seller;

(c) the tax fraction of the fair market value of the goods at the time of their purchase by the registered dealer; or

(d) the tax fraction of the consideration paid by the registered dealer for the goods.

(3) Where the amount paid by the registered dealer for the goods exceeds Rupees two thousand, the tax credit shall be allowed in the tax period when the goods are sold by the registered dealer or the goods into which they have been incorporated are sold by the registered dealer.

17.Simplified accounting methods for retailers

(1) The regulations may prescribe optional simplified accounting methods for determining the net tax of prescribed classes of dealers.

(2) Where a dealer chooses to use a simplified accounting method, the dealer's net tax shall be the amount determined under the simplified accounting method instead of the net tax computed under section 11.

(3) A dealer may only elect to use a simplified accounting method if:

(a) the dealer sells goods predominantly by retail in Arunachal Pradesh;

(b) the dealer is within the prescribed class of dealers;

(c) the dealer's turnover has not exceeded **[Rupees Fifty Lakhs]* in the current year and in the two prior years;

*[Provided that the works contractors shall be allowed to vail the scheme irrespective of turnover limit],and

*[Substituted by 2006 Amd Act (Act no 7 of 2006)s.3

(d) the dealer continues to hold and retain tax invoices and retail invoices for all of its purchases and imports of goods.

18. Transactions between related parties (a) a registered dealer sells or gives goods to a related person;
(b) the terms or conditions of the transaction have been influenced by the relationship; and (c) if the related person had purchased the goods, the related person would not be entitled to a tax credit for the purchase, or the amount of the tax credit would be reduced under section 9(3);
the transaction shall be deemed to be a sale made by the registered dealer and the sale price of the goods shall be deemed to be their fair market value.

CHAPTER IV.

REGISTRATION, APPROVALS AND SECURITY

19. Mandatory and voluntary registration

(1) Mandatory registration: Every dealer is required to apply for registration and to be registered under this Act if:

(a) the dealer's turnover in the year preceding the commencement of this Act exceeded the taxable quantum; or

(b) the dealer's turnover in the current year exceeds the taxable quantum;

Provided that a dealer dealing exclusively in goods mentioned in First Schedule shall not be required to register.

(2) Taxable Quantum: For the purposes of this Act, "taxable quantum" of a dealer is such amount, not exceeding Rupees five lakh, as may be prescribed.

Explanation:- For the purpose of computation of taxable quantum, the turnover of sales effected by a dealer shall be taken into account irrespective of whether such sales are taxable under this Act or not or occur inside Arunachal Pradesh.

(3) The taxable quantum of a dealer shall not include turnover from: .

(a) sales of capital assets;

(b) sales made in the course of winding up the dealer's activities; and (c) sales made as part of the permanent diminution of the dealer's activities.

(4) Voluntary registration: Any person who is not required by sub-section (1) to be registered but who:

(a) is a dealer; or

(b) intends from a particular date to undertake activities which would make him a dealer, may apply for registration.

20. Registration

(1) An application for registration shall be in the prescribed form, containing such particulars and information and accompanied by such fee, security and other documents as may be prescribed.

Explanation: The Commissioner may specify certain classes of persons who may not be required to furnish a security.

(2) Where —

(a) an applicant furnishes a security in the prescribed form and for the prescribed amount, and |

(b) all other forms and evidence required by and prescribed under this Act are complete and in order, the Commissioner shall register the applicant.

(3) Where the Commissioner has not registered the person within 15 days from the date on which the application is made, the Commissioner shall after conducting such inquiries as it deems fit, either —

(a) register the person forthwith as a registered dealer; or

(b) issue a notice to the applicant clearly stating the grounds on which his application is proposed to be rejected and permitting him to show cause in writing, within 15 further days, why his applicant should not be rejected;

Provided, where the Commissioner has not registered the person or issued a notice by the required date, the applicant shall be deemed to be registered for the purposes of this Act, and the Commissioner shall ' issue a certificate of registration to such person.

(4) Where, pursuant to section 20(3)(b), an applicant furnishes information why the application should not be rejected, the Commissioner may, either accept the application and register the person, or reject the application for reasons to be recorded in writing.

(5) If the applicant fails to respond to the notice issued under section 20(3)(b) within the stipulated time, the application for registration shall stand rejected.

(6) Where a registered dealer has furnished a security as a condition of registration, such security Shall be required for the continuance in effect of registration, unless the otherwise provided by the Commissioner.

Explanation: A decision of the Commissioner not to register a person may be the subject of an objection under section 75.

21. Consequences of registration

(1) This section sets out the tax consequences arising if an unregistered dealer is registered after the commencement of this Act.

(2) If at the time at which the dealer's registration takes effect —

(a) the dealer holds trading stock for the purpose of sale, or for use as raw materials for the production of trading stock;
(b) the dealer has borne input tax on the purchase or import of the trading stock or raw materials:

(c) the dealer furnishes a statement of its trading Stock and raw materials in the prescribed form to the Commissioner: and

(d) the dealer holds adequate proof of the amount of input tax in respect of the purchases or imports; the dealer shall be entitled to a tax credit for the trading stock or raw materials held by the dealer on the date that the dealer's registration takes effect.

Provided that the dealer must claim the entire amount of tax credit to which he is entitled in a single claim, which accompanies the first return furnished by

the dealer under this Act.

Explanation: This section applies where goods have borne tax imposed after the commencement of this Act; section 15 deals with goods which have borne sales tax prior to the commencement of this Act.

(3) For the purposes of section 9(3), the amount of the tax credit shall be the least of:

(a) the amount of input tax disclosed in the proof referred to in sub-section (2);

(b) the tax fraction of the cost of the goods;

(c) the tax fraction of the fair market value of the goods at the time of registration; or

(d) such amount as may be prescribed.

(4) Where the registered dealer accounts for turnover on the basis of amounts received and amounts paid, he shall exclude from his turnover:

(a) any amount received after he is registered in respect of sales made while he was unregistered; and

(b) any amount paid after he is registered in respect of purchases made while he was unregistered.

22. Amendment of registration

(1) A registered dealer shall inform the Commissioner in the prescribed manner within one month, if he:

(a) sells or otherwise disposes of his business or any part of his business or any place of

business, or effects or comes to know of any other change in the ownership of the business;

(b) discontinues his business or changes his place of business or warehouse, or opens a new place of business, or closes the business for a period of more than one month;

(c) changes the name, style, constitution or nature of his business; or (d) enters into partnership or other association in regard to his business or adds, deletes or changes the particulars of the persons having interest in business; and if any such registered dealer dies, his legal representative shall in like manner inform the said authority.

(2) The Commissioner may, after considering any information furnished under this Act or otherwise received and after making such inquiry as he may deem fit, amend from time to time any registration.

(3) An amendment of the registration made under sub- section (1) shall take effect from the date of contingency which necessitates the amendment whether or not information in that behalf is furnished within the time prescribed under sub-section (1).

(4) Any amendment of a registration under this section shall be without prejudice to any liability for tax or penalty imposable or for any prosecution for an offence under this Act.

(5) For the removal of doubts it is hereby declared that where a registered dealer:

(a) effects a change to the nature of the goods ordinarily sold;

(b) is affirm and there is a change in the constitution of the firm without dissolution thereof: or

(c) is a trustee of a trust and there is a change in the trustees thereof: or

(d) is a Hindu undivided family and the business of such family is converted into a partnership business with all or any of the family members as partners thereof: or

(e) is a firm or a company or a trust or other organization, and a change occurs in the management of the organization, then merely by reason of the circumstances aforesaid,it shall not be necessary for the registered dealer to seek an amendment to the registration.

23. Cancellation of registration

(1) Involuntary cancellation : Where —

(a) a registered dealer who is required to furnish security under the provisions of this Act has failed to furnish or maintain such security;

(b) a registered dealer has ceased to carry on any activity which would entitle him to be registered as a dealer under this Act;

(c) an incorporated body is closed down or otherwise ceases to exist;

(d) the owner of a proprietorship business dies leaving no successor to carry on the business;

(e) in case of a firm or association of persons, it is dissolved;

(f) registered dealer has ceased to be liable to pay tax under this Act;

(g) a registered dealer knowingly furnishes a return which is misleading or deceptive in a material particular;

(h) a registered dealer has committed one or more offences or contravened the provisions of this Act and the offence or contravention is, in the opinion of the Commissioner of sufficient magnitude that it is necessary to do so; or

(i) the Commissioner, after conducting proper inquiries, is of the view that it is necessary to do so, the Commissioner may, after service of a notice in the prescribed form, cancel the registration of the dealer with effect from the date specified by the Commissioner in the notice.

(2) Mandatory cancellation: Where —

(a) a registered dealer has ceased to Carry on any activity which would entitle him to be registered as a dealer under this Act;

(b) an incorporated body is closed down or otherwise ceases to exist;

(c) the owner of a proprietorship business dies leaving no successor to carry on business;

(d) in case of a firm or association of persons, it is dissolved; or (e) registered dealer has ceased to be liable to pay" tax under this Act; the registered dealer shall apply for cancellation of his registration to the Commissioner in the manner and within the time prescribed.

(3) On receipt of such application, if the Commissioner is satisfied that the dealer has ceased to be entitled to be registered, he may cancel the registration.

(4) If a registered dealer ceases to be registered, the Commissioner shall cancel the dealer’s registration with effect from a specified date.

(5) If a dealer’s registration which has been cancelled under this section is reinstated as a result of an appeal or other proceeding under this Act, the registration of the dealer shall be restored and he shall be liable to pay tax as if his registration had never been cancelled.

(6) If any registered dealer whose registration has been restored under sub-section (5) satisfies the Commissioner that excess tax has been paid by him during the period his registration was inoperative which but for the cancellation of his registration he would not have paid, then the amount of such tax shall be adjusted or refunded in such manner as may be prescribed.

(7) Every registered dealer who applies for cancellation of his registration shall surrender with his application the certificate of registration granted to him and every registered dealer whose registration is cancelled otherwise than on the basis of his application shall surrender the certificate of registration within seven days of the date of communication to him of the date of the cancellation.

(9) The Commissioner shall, at intervals not exceeding three months, publish in the Official Gazette such particulars as may be prescribed of registered dealers whose registration has been cancelled.

(10) The cancellation of registration shall not affect the liability of any person to pay tax due for any period and unpaid as on the date of such cancellation or which is assessed thereafter notwithstanding that he is not otherwise liable to pay tax under this Act.

24. Consequences of de-registration

(1) This section sets out the tax consequences arising if the registration of a registered dealer is cancelled.

(2) Every person whose registration is cancelled shall pay in respect of all goods held on the date of cancellation an amount equal to the higher of —

(a) the tax that would be payable in respect of those goods if the goods were sold at their fair market value on that date; or

(b) the tax credit previously claimed in respect of those goods.

(3) Where the dealer has accounted for turnover on the basis of amounts received and amounts paid, he shall include in the turnover of his final return:

(a) any amount not yet received in respect of sales made while he was registered; and

(b) any amount not yet paid in respect of purchases made while he was registered.

25. Registration during transition

Every dealer who is:

(a) registered under the Arunachal Pradesh Sales Tax Act 1999 at the time of commencement of this Act; and

(b) whose turnover in the year preceding the commencement of this Act exceeds the taxable quantum, :

is registered under this Act with effect from the notified date.

26. Approved road transporters and approved warehouses

(1) Approved Road Transporter : Any person may apply to the Commissioner to be an Approved Road Transporter for the purposes of this Act if:

(a) the person carries on a business and the business is or includes the transportation of goods by road; and

(b) the value of goods transported (whether on his own behalf or on behalf of others) during a year is or is likely to exceed Rupees five lakh.

(2) The approval may be given subject to such conditions as the Commissioner thinks fit.

(3) The Commissioner may for reasons to be given in writing, withdraw or suspend the status of an Approved Road Transporter or impose conditions upon the continued approval of the person.

(4) Obligations of transporters: If-

(a) an Approved Road Transporter brings goods into Arunachal Pradesh, or any other transporter brings goods into Arunachal Pradesh by air or rail and tax is payable by the importer on the import of those goods, the Approved Road Transporter or other transporter must not release the goods into the possession of another person unless it receives adequate proof:

(i) Of payment of the tax;

(ii) that the goods are to be deposited directly into the Approved Warehouse; or

(iii) that the goods are for delivery to a person outside Arunachal Pradesh;

(b) a transporter (not referred to in paragraph (a) attempts to bring goods into Arunachal Pradesh on which tax is payable but has not been paid, it shall not bring the goods into Arunachal Pradesh.

(5) Approved warehouses : Any person may apply to the Commissioner for permission to operate an Approved Warehouse, at a site specified in the application, for the purposes of this Act if:

(a) the person carries on business and the business < is or includes the storage of goods; and (b) the value of goods stored (whether on his own behalf or on behalf of others) during the year is or is likely to exceed Rupees five lakh. The permission may be given subject to such conditions as the Commissioner thinks fit.

(6) The operator of the Approved Warehouse shall:

(a) accept into the warehouse only goods which have entered Arunachal Pradesh no more than 12 hours before their deposit into the Warehouse;

(b) keep such records as may be prescribed concerning the origin, nature, value, quantity and ownership of the goods received into the Warehouse;

(c) keep such records as may be prescribed concerning the destination of goods removed from the Warehouse;

(d) not permit goods to remain in the Approved Warehouse for longer than one month; and (e) observe all other conditions imposed on the operation of an Approved

Warehouse that may be prescribed and are required by the Commissioner under sub-section (5).

(7) The Commissioner may for reasons to be given in writing withdraw or suspend the authority of a person to operate an Approved Warehouse or impose conditions upon the continued operation of the Approved Warehouse.

(8) Notification of changes of status. A person who is the operator of an Approved Warehouse or who is an Approved Road Transporter shall inform the Commissioner within one month, if he:
(a) sells or otherwise disposes of his business or any part of his business or any place of business;
(b) discontinues his business or changes his place of business or warehouse, or opens a new place of business;
(c) changes the nature of his business; or
(d) enters into partnership or other association in regard to his business or adds, deletes or changes the particulars of the persons having interest in business; and if any such person dies, his legal representative shall in like manner inform the said authority.

(9) Mandatory cancellation: Where —
(a) a person has ceased to carry on any activity which would entitle him to be approved as a Road Transporter or be permitted to operate an Approved Warehouse under this Act; (b) an incorporated body is closed down or otherwise ceases to exist;
(c) the owner of a proprietorship business dies leaving no successor to carry on business: (d) in case of a firm or association of persons, it is dissolved; or the person shall apply to the Commissioner for cancellation of his approval or permission in the manner and within the time prescribed.
(10) Where a person who is currently an Approved Road Transporter or who has permission to operate an Approved Warehouse applies for the termination of that approval or permission, the Commissioner shall terminate the approval and withdraw the permission subject to such conditions as he deems fit.

27. Security from certain class of dealers**,** transporters, warehouses and other persons

(1) The Commissioner may as a condition of:

(a) registering a person as a dealer;

(b) approving a person as an Approved Road Transporter;

(c) permitting a person to operate an Approved

Warehouse; or

(d) making a refund under section 40; require a person or prescribed class of persons to furnish security for the proper performance of their responsibilities under this Act in the prescribed amount, in the prescribed manner and within such time as may be prescribed.

(2) Notwithstanding sub-section (1), the Commissioner may increase, vary, reduce or waive the prescribed amount of the security, having regard to —

(a) the nature and size of the activities of the person;

(b) the amount of any tax, interest or penalty for which the person may be or is likely to become liable at any time under this Act;

(c) the creditworthiness of the person;

(d) the nature of the security; and

(e) any other matter which the Commissioner considers relevant.

(3) Where the security or additional security furnished by a person is in the form of a surety bond and the surety dies or becomes insolvent, the person shall within one month of the occurrence of such event, inform the authority granting the Commissioner and shall within three months of such occurrence, execute a fresh surety bond.

(4) Where the surety bond has been executed by another registered dealer and the dealer's registration is either cancelled or he has closed down his business, the person shall furnish a fresh security as may be prescribed or in the manner as stated in sub-section (3).

(5) The Commissioner may, for good and sufficient cause, order the forfeiture of the whole or any part of the security furnished by a person.

(6) Where the security furnished by any person is forfeited in whole or is rendered insufficient, he shall furnish a fresh security of the requisite amount or, as the case may be, shall make up the deficiency in such manner and within such period as may be specified.

**[Exceptions:-*

(a) The Government Departments, CSD Canteens of Military and Para Military forces and 1 00% Government owned Corporations, Societies and autonomous bodies are exempted from furnishing of security.

(b) The dealers that were registered under Arunachal Pradesh Sales Tax Act, 1999, whose turnover exceeded Rs. 5.00 lakhs need not furnish additional security.]

*[Inserted by 2006 Amd Act (Act no 7 of 2006) s.4]

CHAPTER V.

RETURNS

28. Periodical payment of tax and furnishing of returns

(1) Dealers' returns: Every dealer who is liable to pay tax under this Act shall furnish Commissioner with such returns for each tax period, by such dates as may be prescribed and in the prescribed form.

(2) lmporters' returns: Every importer shall furnish the Commissioner with such returns for each import liable to tax under section 3 by such dates as may be prescribed and in the prescribed form.

(3) Exception returns : Every transporter, importer, operator of an Approved Warehouse or other person who is liable to pay a penalty under section 26 shall furnish the Commissioner with a return in the prescribed form within 7 days of the occurrence of the event triggering the liability to pay the penalty.

29. Power to require other returns

In addition to the returns specified in section 28 of this Act, the Commissioner may require any person, whether a registered dealer or not, to furnish (whether on that person's own behalf or as an agent or trustee) him with such other returns in the prescribed form as, and when, the Commissioner requires.

30. Correction of deficiencies

(1) lf, within 4 years of the making of an assessment, any person discovers a mistake or error in any return furnished by him under this Act, and he has a result of the mistake or error paid less tax than was due under the Act, he shall, within one month after the discovery furnish a revised return and pay the tax owed and interest thereon.

(2) lf, within 4 years of the making of an assessment, any person discovers a mistake or error in any return furnished by him under this Act, and he has a result of the mistake or error paid more tax than was due under the Act, he may lodge an objection against the assessment in the manner and subject to the conditions stipulated in section 75.

31. Signing returns

(1) Every return under this Chapter shall be signed and verified -

(a) in the case of an individual, by the individual himself, and where the individual is absent from lndia either by the individual or by some person duly authorised by him in this behalf and where the individual is mentally incapacitated from attending to his affairs, by his guardian or by any other person competent to act on this behalf;

(b) in the case of a Hindu undivided family, by a Karta and where the Karta is absent from lndia or is mentally incapacitated from attending to his affairs, by any other adult member of such family;

(c) in the case of a company or local authority, by the principal officer thereof ;

(d) in the case of a firm, by any partner there of not being a minor;

(e) in the case of any other association, by any member of the association or

persons; and (f) in the case of a trust, by the trustee or any trustee; add
(g) in the case of any person, by some person competent to act on his behalf.
(2 For the purposes of sub-section (1) the expression "principal office' shall have the meaning assigned to it under section 2(35) of the income Tax
Act, 1961 (5 of 1961).
(3) For the purposes of this Act, any return signed by a person who is not authorized under sub-section (1) shall be treated as if no return has been furnished.

CHAPTER VI.

ASSESSMENTAND PAYMENT OF TAX, INTEREST AND PENALTI ES AND MAKING REFUNDS

32. Assessment of tax, interest or penalty No claim may be made by the Commissioner for the payment by a person of an amount of tax, interest or penalty or other amount in the nature of tax, interest or penalty due under this Act except by the making of an assessment for the amount.

33. Self assessment

(1) Where a return is furnished by a person as required under sections 28 or 29 which contains the prescribed information and complies with the requirements of this Act and the rules - (a) the Commissioner is taken to have made, on the day on which the return is furnished, an assessment of the tax payable of the amount specified in the return;
(b) the return is deemed to be a notice of the assessment and to be under the hand of the Commissioner; and
(c) the notice referred to in paragraph (b) is deemed to have been served on the person on the day on which the Commissioner is deemed to have made the assessment.
(2) No assessment shall arise under sub-section (1), if the Commissioner has already made an assessment of tax in respect of the same tax period under another section of this Act.

34. Commissioner assessment of tax payable

(1) lf any person -
(a) has not furnished returns required under this Act by the prescribed date;
(b) has furnished incomplete or incorrect returns; or
(c) has furnished a return which does not comply with the requirements of this Act;
Or for any other reason the Commissioner is not satisfied with the return furnished by a person, the Commissioner may assess or re-assess to the best of his judgment -
(a) the amount of net tax due for a tax period; and
(b) the amount of tax due for the import of goods.

(2) Where the Commissioner has made an assessment under this section, the Commissioner shall forthwith serve on that person a notice of assessment of the

amount of any additional tax due for that tax period nor n respect of the import of any goods.

(3) Where the Commissioner has made an assessment under this section and further tax is assessed as owed, the amount of further tax assessed b due and payable on the same date as the date on which -

(a) the net tax for the tax period was due; and

(b) the amount of tax in respect of the import of the goods was due.

Explanation. This section ensures that interest accrues on the unpaid amount from the time when the deficiency arose, rather than the date of making the assessment or re-assessment.

35. Assessment of penalty

(1) Where the Commissioner has reason to believe that a liability to pay an administrative penalty under this Act has arisen, the Commissioner shall make and serve on the person an assessment of the penalty that is due under this Act.

(2) The amount of any penalty assessed under this section is due and payable on the date on which the notice of assessment is served by the Commissioner.

(3) Any assessment made under this section shall be without prejudice to prosecution for any offence under this Act.

36. Limitation on assessment and reassessment

('l) Unless the Commissioner has reason to believe that tax was not paid by reason of fraud or evasion on the part of the person, no assessment or re-assessment shall be made by the Commissioner after the expiry of four years from -

(a) the date that the person furnished a return under section 28; or

(b) the date on which the Commissioner made an assessment of tax for the tax period or in respect of the import of goods, whichever is the earlier.

(2) Notwithstanding sub-section (1), the Commissioner may make an assessment of tax within one year after the date of any decision of the Appellate Tribunal or court where the assessment is required to be made in consequence of, or to give effect to, a decision of the Appellate Tribunal or court which requires the re-assessment of the person.

37. Delay to collection of assessed tax and penalties

(1) Subject to sub-sections (2) and (4), where an amount of tax or penalty has been assessed under sections 34 or 35, the Commissioner may not proceed to enforce payment of the amount assessed until one month after the date of service of the notice of assessment.

(2) Where a person has made an objection to an assessment or part of an assessment in the manner provided in section 75, the Commissioner may not enforce the payment of

any amount in dispute under that assessment until the objection is resolved by the Commissioner.

(3) Nothing in this section shall stay any proceedings by the Commissioner or before a court for the recovery of - (a) any amounts due under this Act that are not the subject of a dispute before the Commissioner; or

(b) any amounts due under this Act where the person has made an appeal to the Appellate Tribunal.

(5) Notwithstanding sub-section (1), where an amount of tax or penalty has been assessed by the Commissioner and the Commissioner is of the opinion that there is a real likelihood that it may not be possible to recover the amount assessed if collection is delayed, the Commissioner may specify a date in the notice of assessment as the date on which collection of the amounts due and payable may commence which is earlier than one month after the date of service of the notice of assessment.

38. Manner of payment of tax, penalties and interest

Every person liable to pay tax, interest, a penalty or any other amount under this Act shall pay the amount to the Government Treasury of Arunachal Pradesh at a branch in Arunachal Pradesh of the Reserve Bank of lndia, a branch in Arunachal Pradesh of a bank prescribed under the rules, at a border check-post set up under the Act, or at such other place as may be prescribed.

39. Order of application of payments

Where a person owes to the Commissioner tax, interest, or penalty and the person pays to the Commissioner or the Commissioner recovers some but not all of the amounts owed by the person, the amounts shall be treated as reducing the person's obligations to

pay -

(a) interest;

(b) penalty;

(c) tax owed under this Act;

(d) interest, penalty and tax owed under the Central Sales Tax Act, 1956 (74 ot 1956) ; in that order.

40. Refunds

(1) Subject to the other provisions of this section and the rules, the Commissioner shall refund to a person the amount of tax, penalty and interest, if any, paid by such person in excess of the amount due from him.

(2) Before making any refund, the Commissioner shall first apply such excess towards the recovery of any other amount due under this Act or under the Central Sales Tax Act, 1956 (74 of 1956).

(3) Subject to sub-section (4), any amount remaining after the application referred to in sub-section (2) shall be at the election of the dealer, either -
(a) refunded to the person within one month after the date on which the return was furnished or claim was made for the refund; or
(b) carried forward to the next tax period as a tax credit in that period.
(4) Where the Commissioner has issued a notice to the person under section 59 advising him that an audit, investigation or inquiry into his affairs will bounder taken, the amount must be carried forward to the next tax period as a tax credit in that period
(5) The Commissioner may, as a condition of the payment of a refund, demand security from the person pursuant to the powers conferred in section 27.
(6) Notwithstanding anything contained in this section, where -
(a) a registered dealer has sold goods to an unregistered person; and
(b) the price charged for the goods includes an amount of tax payable under this Act;
(c) the dealer is seeking the refund of this amount or to apply this amount under sub-section (3)(b); no amount shall be refunded to the dealer or may be applied by the dealer under sub-section (3Xb) unless the Commissioner is satisfied that the dealer has 'refunded the amount to the purchaser.
(7) For the avoidance of doubt, where -
(a) a registered dealer has sold goods to another registered dealer;or
(b) the price charged for the goods is expressed not to include an amount of tax payable under this Act; the amount may be refunded to the seller or may be applied by the dealer under sub-section (3)(b) without the dealer being required to refund an amount to the purchaser.

Explanation'. Where the goods have been sold to another registered dealer, the Commissioner may reassess the buyer to deny the amount of the excess tax credit claimed, consequent upon a refund of tax made to a seller. Where the seller has not sought to pass on the tax to the buyer, a refund may be made.

41. Power to withhold refund in certain cases

(1) Where any proceeding under this Act is pending which would, if successful entitle the person to a refund, and the Commissioner is of the opinion that payment of such refund is likely to adversely affect the revenue and that it may not be possible to recover the amount later the Commissioner may withhold the refund until the proceedings or the audit have been concluded. (2) Where a refund is withheld under sub-section (1), the person shall be entitled to interest as provided under sub-section (1) of section 44 it as a result of the appeal or further proceeding, or any other proceeding he becomes entitled to the refund.

42. Collection of tax only by registered dealers

(1) No person who is not a registered dealer shall collect in respect of any sale of goods by him in Arunachal Pradesh any amount by way of tax under this Act and no

registered dealer shall make any such collection except in accordance with this Act and the rules made there under and at the rates specified under this Act.

(2) Tax collected by a person who is not a registered dealer shall not be refunded and shall stand forfeited.

43. Refund of tax for embassies, officials, international and public organizations

(1) The bodies to be listed in the Sixth Schedule shall be entitled to claim a refund of input tax on goods purchased in Arunachal Pradesh or imported into Arunachal Pradesh, subject to such restrictions and conditions as may be prescribed.

(2) Any person entitled to a refund under subsection
(1) may apply to the Commissioner in the manner and within the time prescribed.

44. Interest

(1) A person entitled to a refund under this Act, shall be entitled to receive, in addition to the refund, simple interest at a rate not less than 6 per cent per annum and not exceeding 12 per cent per annum, as may be notified from time to time, computed ort a daily basis from the later of - (a) the date that the refund was due to be paid to the person; or

(b) the date that the overpaid amount was paid by the person, until the date on which the refund is given. The interest shall be calculated on the amount of refund due after deducting there from any tax, interest, penalty or any other dues under this Act or under the Central Sales Tax Act, 1956 (74 of 1956). lf, the amount of such refund is enhanced or reduced, as the case may be, such interest shall be enhanced or reduced accordingly.

Explanation: lf the delay in granting the refund is attributable to the said person, whether wholly or in part, the period of the delay attributable to him shall be excluded from the period for which the interest is payable.

(2) When a person is in default in making the payment of any tax, penalty or other amount due under this Act, he shall in addition to the amount assessed, be liable to pay simple interest on such amount at a rate not less than 12 per cent per annum and not exceeding 24 per cent per annum, as may be notified from time to time, computed on a daily basis, from the date of such default for so long as the continues to make default in the payment of the said amount.

(3) Where the amount of tax including any penalty due is wholly reduced, the amount of interest, if any, paid shall be refunded, or if such amount is varied, the interest due shall be calculated accordingly.

(4) Where the collection of any amount is stayed by the order of the Appellate Tribunal or any court and or authority and the order is subsequently vacated, interest shall be payable for any period during which such order remained in operation.

(5) The interest payable by a person under this Act may be collected as tax due under this Act and shall be due and payable once the obligation to pay interest has arisen.

CHAPTER VII.

RECOVERY OF TAX, INTERESTAND PENALTIES

45. Recovery of tax

(1) The amount of any tax, interest, penalty or other amount due under this Act shall be paid by the person liable therefore in the manner prescribed in section 38 and a notice of assessment served on the person for such an amount shall constitute a final demand for payment of the amount stated in the assessment by the time stipulated in the assessment.

(2) Any amount of a tax, interest or penalty, composition money or other amount due under this Act which remains unpaid, shall be recoverable as arrears of land revenue.

(3) Where security, other than in the form of surety bond, has been furnished under the Act the Commissioner may, for reasons to be recorded in writing, recover any amount of tax, interest, penalty, composition money or other amount due or part thereof by ordering the forfeiture of the whole or any part of the security.

(4) Where any security tendered for the purposes of this Act is to be sold, it shall be sold in the manner stipulated in section 64.

46. Continuation of certain recovery proceedings

Where an assessment or notice of demand in respect of any tax, penalty or other amount payable under this Act (hereinafter in this section referred to as "government dues") is served upon any person and any objection or appeal is initiated by the person against the assessment or demand for such government dues then -

(a) if the objection or appeal is disallowed in whole or in part, any recovery proceedings taken for the recovery of such government dues before the making of the objection or appeal, may, without the service of any fresh assessment or notice of demand, be continued from the stage at which such recovery proceedings stood immediately before the person made the objection or appeal; and

(b) where such government dues are reduced in any objection or appeal-

(i) it shall not be necessary for the Commissioner to serve upon the person a fresh assessment or notice of demand; and

(ii) the Commissioner shall give intimation of such reduction to him and to the person with whom recovery proceedings are pending.

47. Special mode of recovery

(1) Notwithstanding anything contained in any law or contract to the contrary, the Commissioner may, at any time or from time to time, by notice in writing, a copy of which shall be forwarded to the person at his last known address, require,

(a) any person from whom any amount of money is due, or may become due, to the

person (in this section called "the taxpayer") liable to pay tax, interest or penalties under this Act on whom notice has been served under section 45(1), or

(b) any person who holds or may subsequently hold money for or on account of the taxpayer, to pay to the Commissioner, either forthwith upon the money becoming due or being held or within the time specified in the first mentioned notice (but not before the money becomes due or is held as aforesaid) so much of the money as is sufficient to pay the amount due by the taxpayer in respect of the arrears of tax, interest and penalty under this Act, or the whole of the money when it is equal to or less than that amount. Explanation: For the purposes of this sub-section, the amount of money due to a taxpayer from, or money held for or on account of a taxpayer by any person, shall be calculated by the Commissioner after deducting there from such claims, if any, lawfully subsisting, as may have fallen due for payment by such taxpayer to such person.

(2) The Commissioner may amend or revoke any such notice or extend the time for making any payment in pursuance of the notice.

(3) Any person making any payment in compliance with a notice under this section shall be deemed to have made the payment under the authority of the taxpayer, and the receipt thereof by the Commissioner shall constitute a good and sufficient discharge of the liability of such person to the extent of the amount specified in the receipt.

(4) Any person discharging any liability to the taxpayer after receipt of the notice referred to in this section, shall be personally liable to the Commissioner to the extent of the liability discharged or to the extent of the liability of the dealer for tax and penalty, whichever is less. (5) Where a person to whom a notice under this section is sent, proves to the satisfaction of the Commissioner that the sum demanded or any part thereof is not due to the taxpayer or that he does not hold any money for or on account of the taxpayer, then, nothing contained in this section shall be deemed to require such person to pay any such sum or part thereof, as the case may be, to the Commissioner.

(6) Any amount of money which the aforesaid person is required to pay to the Commissioner, or for which he is personally liable to the Commissioner under this section shall, if it remains unpaid, be recoverable as if arrears of land revenue.

(7) The Commissioner may apply to the court in whose custody there is money belonging to the taxpayer for payment to him of the entire amount of such money or if it is more than the tax, interest and penalty, if any, due, an amount sufficient to discharge such tax and the penalty.

**[47A .(1) (a) Every person other than an individual, a Hindu Undivided Family, a firm or a company not under the control of the Government, responsible for making any payment of discharging any liability on account of any amount purporting to be full or part payment of sales price or consideration for*

the transfer of property in goods (whether as goods or in some other form) involved in

the execution of a works contract shall, deduct at the time of credit to the account of or payment to the dealer (hereinafter referred to as "contractor") of such amount in cash, by cheque, by adjustment or in any other manner, an amount calculated at the rate of twelve and half paise in the rupee, from such sum towards part or, as the case may be full

satisfaction of the tax payable under this Act on account of total value of such works contract.

(b) Where on an application being made by any contractor in this behalf , the Prescribed Authority is satisfied that any works contract under reference is separable and involves only labour and services and accordingly, justifies deduction of tax on a part of the sum payable in respect of any works contractor, as the case may be, justifies no deduction of tax at all, he shall, after giving the contractor a reasonable opportunity of being heard, grant him such certificate as may be appropriate.

(c) Any person entering into any contract with any contractor for transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract shall furnish within fifteen days from the date of signing of the contract such information as may be prescribed to the Prescribed Authority under whose jurisdiction the contractor's place of business is situated. Failure to do so shall entail a penalty not exceeding five hundred rupees per day of default after affording such person a reasonable opportunity of being heard. (2) Every person responsible for paying sale price or consideration or any amount purporting to be the full or part payment of sale price or consideration in respect of any sale or supply of goods liable to tax under this Act to the Government or Corporation, Board, Authority, Undertaking or any other body by whatever name called, owned, financed or controlled wholly or substantially by the Government, at the time of credit to the account of or payment to the payee of such amount in cash, by cheque, by adjustment or in any other manner, whatsoever, shall deduct an amount calculated at the rate as may be specified in the Schedule from such sum towards full satisfaction of the tax payable under this Act on account of total sale price of such sale or supply.

(3) Notwithstanding anything contained in any other Law for the time being in fs;6s, every person mentioned in sub-section (1) and sub-section (2) responsible for paying sale price in respect of any works contract or sale or supply of goods shall not enter into such transaction unless the contractor, or seller or supplier, as the case may be, produces an authenticated copy of the certificate of registration under this Act or furnishes an undertaking for getting himself registered and any such contractor, or seller or supplier who is not so registered under this Act shall not be paid by the said responsible person any amount in respect of the sale or supply, before he gets himself registered under this Act and submits an authenticated copy of certificate of registration.

(4) Any tax deducted under this section shall be paid into the Government account within such time and in such manner accompanied with such documents and statements of accounts as may be prescribed.

(5) The person making any deduction of tax under this section and paying it into the Government account shall issue to the payee a certificate of tax deduction and payment in such form and manner and within such time as may be prescribed.

(6) Any deduction made in accordance with the provisions of this section and credited into the Government account, shall be treated as payment of tax on behalf of the person from whose bills and invoices, the deduction has been made and credit shall be given to him for the amount of tax finally assessed or determined as being payable by the concerned person in the assessment for the relevant assessment year and any amount deducted in excess of the tax so assessed or determined shall be refundable in accordance with the provisions of this Act. (7) The person responsible for deduction of tax shall within the prescribed time after the end of each year, file a return in the prescribed form to the Prescribed Authority.

(8) No interest or penalty shall be imposed or no recovery proceedings against the dealer or payee shall be initiated in respect of deduction of tax under this section.

(9) Where the amount has not been deposited after deduction, such amount and any other sum which may be payable under this section shall be charged upon, all the assets of the person concerned who made the deduction or who is liable to pay other amount and shall be recoverable from him as arrears of land revenue :

Provided that no recovery proceedings shall be drawn up by the Prescribed Authority having jurisdiction over the person concerned without prior approval of the Commissioner.

(10) lf any person as referred to in sub-section (1), or sub-section (2) fails to make the deduction or after making the deduction fails to deposit the amount so deducted into the Government account, the Prescribed Authority may, after giving such person a reasonable opportunity of being heard, by an order in writing, direct that such person shall pay, by way of penalty, a sum not exceeding twice the amount deductible under this section besides tax deductible but not so deducted and, if deducted, not so deposited into the Government account.]

*[inserted by 2007 Amd Act (Act no 3 of 2007)s.3.

48. Transfer of assets during pendency of proceedings void

Where, during the pendency of any proceedings under this Act, any person creates a charge on or parts with the possession by way of sale, mortgage, gift or exchange or any other mode of transfer whatsoever, any of his assets in favour of any other person for less than full consideration, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by such person as a result of the completion of the said proceedings.

CHAPTER VIII.
ACCOUNTSAND RECORDS

49. Records and accounts

(1) Every-

(a) dealer;

(b) person on whom a notice has been served to furnish returns under section 29;

(c) transporter; and

(d) operator of a warehouse; shall prepare and retain sufficient records to allow the Commissioner to readily ascertain the amount of tax due under this Act, and to explain all transactions, events and other acts engaged in by the person that are relevant for any purpose of this Act.

(2) Not with standing the generality of sub-section

(a) every dealer shall preserve a copy of all tax invoices issued by him;

(b) every dealer shall preserve the original of all tax invoices received by him; and

(c) every person who has paid an amount of tax, interest, penalty or other amount owed under this Act, shall preserve a copy of the challan evidencing the making of the payment.

form in which accounts and records are to be prepared.

(4) lf the Commissioner considers that such records are not sufficiently clear and intelligible to enable him to make a proper check of the obligations required of the person under this Act, he may require such person by notice in writing to keep such accounts (including records of purchase and sales) as may be specified therein.

(5) The Commissioner may, by notification in the official Gazette, direct any class of dealers, transporters or operators of warehouses to keep such accounts (including records of purchases and sales) as may be specified in the notification.

(6) Every person required to prepare or preserve records and accounts shall retain the required records and accounts for at least five years after the conclusion of the events or transactions which they record.

50. Accounts to be audited in certain cases

lf in respect of any particular year, the gross turnover of a dealer exceeds Rupees fifty lakh or such other amount' as may be prescribed, then such dealer shall get his accounts in respect of such yea(audited by an accountant within six months from the end of that year and obtain within that period a report of such audit in the prescribed

form duly signed and verified by such accountant and setting forth such particulars as may be prescribed. A true copy of such report shall be furnished by such dealer to the Commissioner by the date prescribed.

51. Tax invoices

(1) Tax invoice for sales.

A registered dealer making a sale liable to tax under this Act shall, at the request of the purchaser, provide the purchaser at the time of sale with a tax invoice containing the particulars specified in sub-section (2) and retain a copy thereof ;

Provided that a tax invoice shall not be issued by a dealer who -

(a) is specified in Fifth Schedule;

(b) elects to use a simplified accounting method; or

(c) is making the sale in the course of interstate trade or commerce or export;

Provided further that not more than one tax invoice shall be issued for each sale.

Provided further that if an invoice has been issued under the provisions of Central Excise Tariff Act, 1985 (5 of 1986), it shall be deemed to be a tax invoice if it contains the particulars specified in sub-section (2).

(2) The tax invoice issued under sub-section (1) shall contain the following particulars on the original as well as copies thereof -

(a) the words 'Tax invoice ‘ in a prominent place;

(b) the name, address and registration number of the selling registered dealer;

(c) the name and address of the purchaser;

(d) an individual pre-printed number and the date on which the tax invoice is issued;

(e) description, quantity, volume and value of goods sold and services provided and the amount of tax charged thereon indicated separately;

(f) the signature of the selling dealer or his servant , manager or agent, duly authorized by him; and

(g) the name and address of the printer and first and last serial number of tax invoices printed and supplied by him to the dealer.

(2) A tax invoice in respect of a sale shall be issued in duplicate. The original shall be issued to the purchaser (or the person taking the delivery as the case may be) and the duplicate shall be retained by the selling dealer.

(3) Tax invoice for imports. in the case of the import of goods, the tax invoice is a receipt in the prescribed form evidencing payment of the tax due under sub-section (1)(b) of section 3.

(4) Retail invoice: Except when a tax invoice is issued under sub-section (1), if a dealer sells any goods exceeding such amount in value as may be prescribed, in any

one transaction to any person, he shall issue to the purchaser a retail invoice, containing the particulars specified in sub-section (5), and retain a copy thereof .

(5) The retail invoice issued under sub-section (4) shall contain the following particulars on the original as well as copies thereof *

(a) the words 'Retail lnvoice' or 'Cash Memorandum' or' Bill' in a prominent place;

(b) the name, address and registration number of the selling dealer;

(c) in case the sale is in the course of interstate trade or commerce, the name, registration number and address of the purchasing dealer and type of statutory form, if any, against which the sale has been made;

(d) an individual serialized number and the date on which the retail invoice is issued;

(e) description, quantity, volume and value of goods sold and services provided, inclusive of amount of tax charged thereon; and

(f) the signature of the selling dealer or his servant, manager or agent, duly authorized by him.

(6) Retail invoice shall be issued in duplicate. The original shall be issued to the purchaser and the copy shall be retained by the selling dealer.

(7) The Commissioner may, by notification in the Official Gazette, specify the manner and

form in which the particulars on a tax invoice or retail invoice are to be recorded.

(8) lf a purchaser claims to have lost the original tax invoice, the selling dealer may, subject to such conditions and restrictions as may be prescribed, provide a copy clearly marked as a duplicate.

52. Credit and debit notes

Where a tax invoice has been issued in respect of a sale and -

(a) the amount shown as tax in that tax invoice exceeds the tax payable in respect of the sale, the dealer shall provide the purchaser with a Credit Note, containing such particulars as may be prescribed; or

(b) the tax payable in respect of the sale exceeds the amount shown as tax on the tax invoice, the dealer shall provide the purchaser with a Debit Note, containing such particulars as may be prescribed.

CHAPTER IX.

LIABILITY IN SPECIAL CASES

53. Liability in case of transfer of business

(1) Where a dealer liable to pay tax under this Act transfers his business in whole or in part, by sale, gift, lease, leave or license, hire or in any other manner whatsoever, the dealer and the person to whom the business is so transferred shall jointly and severally be

liable to pay the tax (including any penalty) due from the dealer up to the time of such transfer, whether such tax (including any penalty) has been assessed before such transfer, but has remained unpaid or is assessed thereafter.

(2) Where the transferee or the lessee of a business referred to in sub-section ('1) carries on such business either in his own name or in some other name, he shall be liable to pay tax on the sale of goods effected by him with effect from the date of such transfer and shall, if he is registered as a dealer, apply within the time specified in section 22for amendment of his registration.

54. Liability in case of company in liquidation

(1) Every person -

(a) who is liquidator of any being wound up, whether under the orders of a court or otherwise; or

(b) who has been appointed the receiver of any assets of a company (hereinafter referred to as the "liquidator"), shall, within one month after he has become such liquidator, give notice of his appointment as such to the Commissioner.

(2) The Commissioner shall, after making such inquiries or calling for such information as he may deem fit, notify the liquidator within three months from the date on which he received notice of the appointment of the liquidator, the amount which in the opinion of the Commissioner would be sufficient to provide for any tax

(including any penalty) which is then, or is likely thereafter, to become payable by the company.

(3) The liquidator shall not part with any of the assets of the company or the properties in his hand until he has been notified by the Commissioner under sub-section (2) and on being so notified, the liquidator shall set aside an amount equal to the amount notified and, until he so sets aside such amount, he shall not part with any of the assets of the company or the properties in his hand.

Provided that nothing contained in this sub-section shall debar the liquidator from parting with such assets or properties in compliance with any order of a court or for the purpose of the payment of the tax and penalty, if any, payable by the company under this Act or for making any payment to secured creditors whose debts are entitled under law to priority of payments over debts due to government on the date of liquidation or for meeting such costs and expenses of the winding up of the company as are in the opinion of the Commissioner reasonable. (4) lf the liquidator fails to give notice in accordance with sub-section (1) or fails to set aside the amount as required by sub-section (3) or parts with any assets of the company or the properties in his hand in contravention of the provisions of that sub-section, he shall be personally liable for the payment of tax and penalty, if any, which the company would be liable to pay under this Act.

Provided that if the amount of tax and penalty, if any, payable by the company is notified under sub-section (2) the personal liability of the liquidator under this subsection shall be to the extent of such amount.

(5) Where there is more than one liquidator, the obligations and liabilities attached to a liquidator under this section shall attach to all the liquidators jointly and severally.

(6) When any private company is wound up and any tax and penalty, if any, assessed under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of the private company at any time during the period for which the tax is due, shall be jointly and severally liable for the payment of such tax and penalty, if any, unless he proves to the satisfaction of the Commissioner that non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

(7) The provisions of this section shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

(8) For the purposes of this section, the expressions "company" and "private company" shall have the meanings respectively assigned to them under clauses (i) and (ii) of section 3(1) of the Companies Act, 1956 (1 of 1956).

55. Liability of partners of firm to pay tax

Notwithstanding any contract to the contrary where any firm is liable to pay any tax

(including any penalty) under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payment. Provided that where any such partner retires from the firm, he shall intimate the date of his retirement to the Commissioner by a notice to that effect in writing and he shall be liable to pay tax (including any penalty) remaining unpaid at the time of his retirement and any tax (including any penalty) due up to the date of his retirement though unassisted on that date.

Provided further that if no such intimation is given within fifteen days from the date of retirement, the liability of the partner under the first proviso shall continue until the date on which such intimation is received by the Commissioner.

56. Liability of guardians, trustees etc.

Where the business in respect of which tax is payable under this Act is carried on by, or is in the charge of any guardian, trustee or agent of a minor or other incapacitated person on his behalf and for the benefit of such minor or other incapacitated person, the tax (including any penalty) shall be levied upon and recoverable from such guardian, trustee or agent, as the case may be, in like manner and to the same extent as it would be assessed upon and recoverable from any such minor or other incapacitated person, if he were of full age and of sound mind and if he were conducting the business himself, and all the provisions of this Act shall, so far as may be, apply accordingly.

57. Liability of Court of Wards etc

Where the estate or any portion of the estate of a dealer owning a business in respect of which tax is payable under this Act is under the control of the Court of Wards, the Administrator-General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax (including any penalty) shall be levied upon and be recoverable from such Court of Wards, Administrator General, Official Trustee, receiver or manager in like manner and to the same extent as it would be assessable upon and be recoverable from the dealer if he were conducting the business himself, and all the provisions of this Act shall, so far as may be, apply accordingly.

58. Liability in other cases

(1) Where a dealer is a firm or an association of persons or a Hindu Undivided Family, and such firm, association or family has discontinued business -

(a) the tax payable under this Act, by such firm, association or family up to the date of such discontinuance may be assessed as if no such discontinuance had taken place; and

(b) every person who was at the time of such discontinuance a partner of such firm, or a member of such association or family, shall, notwithstanding such discontinuance be liable, jointly and severally, for the payment of tax assessed and penalty imposed and

payable by such firm, association or family, whether such tax (including any penalty) has been assessed prior to or after such discontinuance, and subject as aforesaid, the provisions of this Act, shall, so far as may be, apply as if every such person or partner or member were himself a dealer.

Provided that where the partner of a firm liable to pay such tax (including any penalty) dies, the provisions of sub-section (4) shall, so far as may be, apply.

(2) Where a change has occurred in the constitution of a firm or an association of partners, the partners or members of the firm or association as it existed before and as it exists after its reconstitution, shall, without prejudice to the provisions of section 58, jointly and severally be liable to pay tax (including any penalty) due from such firm or association for any period before its reconstitution.

(3) The provisions of sub-section (1) shall, so far as may be, apply where the dealer, being affirm or association of persons is dissolved or where the dealer, being a Hindu undivided family, has effected partition with respect to the business carried on by it and accordingly references in that sub-section to discontinuance shall be construed as reference to dissolution or, as the case may be, to partition.

(4) Where a dealer liable to pay tax under this Act dies, then -

(a) if a business carried on by the dealer is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay the tax (including any penalty) due from the dealer under this Act, whether such tax (including any penalty) has been assessed before his death but has remained unpaid, or is assessed after his death,

(b) if the business carried on by the dealer is discontinued after his death, his legal representative shall be liable to pay out of the estate of the deceased, to the extent the estate is capable of meeting the charge, the tax (including any penalty) due from the dealer under this Act, whether such tax (including any penalty) has been assessed before his death but has remained unpaid, or is assessed after his death, and the provisions of this Act shall, so far as may be, apply to such legal representative or other person as if he were the dealer himself. **Explanation:** For the purposes of this section "legal representative" has the meaning assigned to it in section 2(11) of the Code of Civil Procedure, 1908 (5 of 1908).

CHAPTER X.

POWERS OF INVESTIGATION AND ENFORCEMENT

59. Audit

(1) The Commissioner may serve on any person in the prescribed manner a notice informing him that an audit of his affairs shall be performed, and, where applicable, that an assessment already concluded under this Act may be reopened.

Explanation. A notice may be served notwithstanding the fact that the person may already have been assessed under sections 33, 34 or 35.

(2) A notice served under this sub-section may require the person on whom it is served to appear on a date and place specified therein, which may be at his business premises or at a place specified in the notice, to either attend and produce or cause to be produced the books of accounts and all evidence on which the dealer relies in support of his returns (including Tax lnvoices, if any), or to produce such evidence as is specified in the notice.

(3) The person on whom a notice is served under sub-section (1) shall provide all cooperation and reasonable assistance to the Commissioner as may be required to conduct the proceedings under this section at his business premises.

(4) The Commissioner shall, after considering the return, the evidence furnished with the returns if any, the evidence acquired in the course of the audit if any or any information otherwise available to him, either -

(a) confirm the assessment under review; or

(b) serve a notice of the assessment or reassessment of the amount of tax, interest and penalty if any pursuant to sections 34 and 35.

(5) Any assessment pursuant to an audit of the person's affairs shall be without prejudice to prosecution for any offence under this Act.

60. Inspection of records

(1) All records, books of accounts, registers and other documents, maintained by a dealer, transporter or operator of a warehouse shall at all reasonable times be open to inspection by the Commissioner.

(2) The Commissioner may, for the proper administration of the Act and subject to such conditions as may be prescribed, require -

(a) any dealer; or

(b) any other person, including a banking company, post office, a person who transports goods or holds goods in custody for delivery to or on behalf of any dealer, who maintains or has in his possession any books of accounts, registers or documents relating to the business of a dealer, and, in the case of a person which is an organisation, any officer thereof ; to-

(i) produce before him such records, books of account, registers and other documents;

(ii) answer such questions; and

(iii) prepare and furnish such additional information; relating to his activities or to the activities of any other person as the Commissioner may deem necessary.

(3) The Commissioner may require -

(a) any documents to be prepared and provided; and

(b) the answer to any question to be verified; in the manner specified by him.

(c) The Commissioner may retain, remove, take copies or extracts, or cause copies or extracts to be made of the said records, books of account, registers and documents

without fee by the person in whose custody the records, books of account, registers and documents are held.

61. Power to enter premises and seize records and goods

(1) All goods kept at any business premises by a dealer, transporter or operator of a warehouse shall at all reasonable times be open to inspection by the Commissioner.

(2) For the proper administration of the Act and subject to such conditions as may be prescribed, the Commissioner may -

(a) enter and search any business premises;

(b) after securing a warrant from a magistrate and in the presence of a police officer, enter and search any other place or building;

(c) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by paragraphs (a) and (b) where the keys thereof are not readily available; (d) seize and remove any records, books of account, registers, other documents or goods; (e) place marks of identification on any records, books of account, registers and other

documents or make or cause to be made extracts or copies thereof without charge;

(f) make a note or any inventory of any such money or goods found as a result of such search or place marks of identification on such goods; and

(g) seal the premises including the office, shop, godown, box, locker, safe, almirah or other receptacle.

(3) Where it is not feasible to remove any records, books of account, registers, other documents or goods, the Commissioner may serve on the owner and any person who is in immediate possession or control there of, an order that he shall not remove or part with or other wise deal with them except with the previous permission of the Commissioner.

(4) Where any premises have been sealed under sub-section (2)(g) of this section, or an order made under sub-section (3), the Commissioner may, on an application made by the owner or the person in occupation or in charge of such shop, godown, box, locker, safe, almirah or other receptacle, permit the desealing or release thereof (as the case may be) on such terms and conditions including furnishing of security for such sum in such form and manners as may be directed.

(5) The Commissioner may requisition the services of any police officer or any public servant, or of both to assist him for all or any of the purposes specified in sub-section (2).

(6) Save as otherwise provided in this section, every search or seizure made under this section shall as far as possible be carried out in accordance with the provisions of the Code of Criminal Procedure,1973 (2 of 1974) relating to searches or seizures made under that Code.

Explanation: The powers under this section may be exercised in respect of a dealer or a third party, and may be exercised for the purposes of undertaking an audit or to assist in recovery.

62. Power to stop, search and detain goods vehicles

(1) The Commissioner may, at any check-post or barrier or at any other place, require the driver or person in charge of a goods vehicle to stop the vehicle and keep it stationary so long as may be required to search the vehicle, examine the contents therein and inspect all records relating to the goods carried, which are in the possession of such driver or person in charge.

(2) The owner or person in charge of a goods vehicle shall carry with him such records as may be prescribed in respect of the goods carried in the goods vehicle and produce the same to the Commissioner on demand.

(3) The driver or person in charge of the goods vehicle shall, if required, inform the Commissioner of -

(a) his name and address;

(b) the name and address of the owner of the vehicle;

(c) the name and address of the consignor of the goods; and

(d) the name and address of the consignee of the goods; and

(4) lf on an examination of the contents of a goods vehicle or the inspection of documents relating to the goods carried, the Commissioner has reason to believe that the owner or person in charge of such goods vehicle is not carrying the documents as required by sub-section (2) or is not carrying proper and genuine documents or is attempting to evade payment of tax due under this Act, he may, for reasons to be recorded in writing, do any one or more of the following: (a) refuse to allow the goods or the goods vehicle to enter Arunachal Pradesh ;

(b) seize the goods and any documents relating to the goods; and

(c) seize the goods vehicle and any documents relating to the goods vehicle.

(5) Where the owner or the person in charge of the goods vehicle -

(a) requests time to adduce evidence of payment of tax in respect of goods to be detained or impounded; and

(b) furnishes security to the satisfaction of the officer in such form and in such manner as may be prescribed tor the prescribed amount; the goods vehicle, the goods and the documents so seized may be released.

(6) The Commissioner may permit the owner or person in charge of goods vehicle to remove any goods or goods vehicle seized under sub-section (4) subject to an undertaking

(a) that the goods and goods vehicle shall be kept in the office, godown or other place within Arunachal Pradesh, belonging to the owner of the goods vehicle and in the custody of such owner; and

(b) that the goods shall not be delivered to the consignor, consignee or any other person without the approval in writing of the Commissioner, and for this purpose the person in charge of the goods vehicle shall furnish an authorization from the owner of the goods vehicle authorizing him to give such undertaking on his behalf.

(7) Save as otherwise provided in this section, every search or seizure made under this section shall as far as possible be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) relating to searches or seizures made under that Code.

63. Custody and release of records

(1) Where the Commissioner seizes any books of accounts or other documents, he shall give the dealer or the person present on his behalf, as the case may be, a receipt for the same and obtain acknowledgement of the receipt so given to him.

Provided that if the dealer or person from whose custody the books of accounts or other documents are seized refuses to give an acknowledgement, the Commissioner may leave the receipt at the premises and record this fact.

(2) The Commissioner shall keep in his custody the books of accounts, registers, other documents seized under section 61 for such period as he considers necessary, and thereafter shall return the same to the dealer or person from whose custody or power they were seized; Provided that the Commissioner may, before returning the books of accounts and other documents, require the dealer or the person, as the case may be, to give a written

undertaking that the books of accounts and other documents shall be presented whenever required by the Commissioner for any proceedings under this Act.

Provided further that the Commissioner shall, when requested, allow the person whose books of accounts, registers and documents have been seized, reasonable

access to the books of accounts, registers and documents for the purpose of inspection and shall allow the person the opportunity to make copies thereof at the person's own expense.

64. Custody, return and disposal of goods, goods vehicle and security

(1) Where the Commissioner seizes any goods or goods vehicle, he shall give the dealer, person in charge of the goods vehicle or a person present on his behalf , as the case may be, a receipt for the same and obtain acknowledgement of the receipt so given to him.

Provided that if person from whose custody the goods or goods vehicle are seized refuses to give an acknowledgement, the Commissioner may leave the receipt in his presence and record this fact.

(2) The Commissioner -

(a) shall keep any goods or goods vehicle seized under section 62 in his custody;

(b) may retain them for such time as he considers Reasonable ;and
(c) subject to sub-section (3), shall return the goods or goods vehicle to the dealer or other person from whose custody or power they were seized.
(3) Where
(a) the Commissioner has seized any goods;
(b) the Commissioner has seized a goods vehicle; or
(c) the Commissioner holds any goods as security for the performance of an obligation under this Act, the Commissioner may not sooner than one month after service of notice on
(i) the person from whom the goods were seized;
(ii) the person from whom the goods vehicle was seized;
(iii) the person for whom the security was given; and
(iv) any person against whom the security is to be enforced; as the case may be, of his intention to sell the goods, direct the auction of such goods to meet any arrears of tax, interest or penalty owed under this Act. (a) An auction of goods or a goods vehicle shall be carried out in the manner prescribed for the disposal of goods.

65. Detention of goods pending disclosure

(1) lf any person on being required by the Commissioner, fails to give any information in respect of any goods in his possession or fails to permit the inspection thereof the Commissioner may seize any goods in his custody or possession in respect of which the default is committed. (2) The seizure shall remain in force until it is revoked or the person concerned furnishes the information required or makes proper arrangements for the inspection of the goods, whichever occurs first.

66. Obligation to provide reasonable assistance

Every person shall provide all cooperation and reasonable assistance to the Commissioner as may be required to conduct the Commissioner's activities under this Act.

CHAPTER XI.

GOODS TAX AUTHORITI ES AND APPELLATE TRIBUNAL

67. Goods Tax Authorities

(1) For carrying out the purposes of this Act, the Government shall appoint a person to be Commissioner of Goods Tax.

(2) To assist the Commissioner in the administration of this Act -
(a) the Government may appoint as many Additional Commissioners of Goods Tax as the Government thinks necessary; and
(b) the Commissioner may engage and procure the engagement of other persons to assist him in the performance of his duties; (in this Act referred to as "Goods Tax authorities"). (3) The Commissioner and the Goods Tax authorities shall exercise such

powers as may be conferred, and perform such duties as may be required, by or under thisAct.

(a) The powers exercised by the Goods Tax authorities for the making of assessments of tax, the computation and imposition of penalties, the computation of interest due or owed, the computation of the entitlement and the amount of any refund, and the conduct of audits or investigations are administrative powers.

68. Powers and responsibilities of the Commissioner

(1) The Commissioner shall have responsibility for the due and proper administration of the Act and shall have jurisdiction over the whole of Arunachal Pradesh.

(2) Subject to sub-section (3), the Commissioner may from time to time issue such orders, instructions and directions to any Goods Tax authorities as he thinks fit for the due and proper administration of this Act, and all such persons engaged in the administration of this Act shall observe and follow such orders, instructions and directions of the Commissioner.

(3) No order, instruction or direction may be issued by the Commissioner to a person exercising the power to determine -

(a) a particular objection made or to be made under section 75; or

(b) a particular question under section 85; so as to require the person to determine the objection or answer the question of a particular person in a particular manner.

(4) Nothing in sub-section (3) shall prevent the Commissioner issuing general orders, instructions and directions to any person who determines objections under section 75 or answers questions under section 85 about the manner of determining classes of objections or answering classes of questions.

69. Delegation of Commissioner's powers

(1) Subject to such restrictions and conditions as may be prescribed, the Commissioner may delegate any of his powers under this Act to any Goods Tax authorities, except the power conferred by this section.

(2) Where the Commissioner delegates his powers under Chapter X, the delegation shall be in writing and the delegates shall carry and produce on demand evidence in the prescribed form of the delegation of these powers when exercising the powers.

(3) Supervision of delegate. Where the Commissioner has delegated a power to a person, the Commissioner may supervise, review and rectify any decision made or action taken by the person.

Explanation. The exercise of this power of supervision, review or rectification may not lead to the issue of an assessment or re-assessment after the expiry of the time referred to in section 36. (4) Objections to decisions of the superior authorities. Notwithstanding any law or doctrine to the contrary, the power delegated by the Commissioner to a person to determine an objection under section 75 may be

exercised by that person, even though the person determining the objection is lower in rank than the person whose decision is under objection.

70. Change of an incumbent of an office

Whenever in respect of any proceeding under this Act the Commissioner or any Goods Tax authority is succeeded by another person,

(a) no delegation of power made by the former incumbent shall be revoked by virtue of the succession; and

(b) the person so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor.

71. Power of Commissioner to make notifications

(1) The Commissioner may notify and publish any forms which may be necessary for the reporting of information to the Goods Tax authorities.

(2) Where the Commissioner has notified a form for a particular purpose, all persons shall be required to report the information using the form.

(3) Where in his opinion it is necessary or convenient to do so, the Commissioner may issue notifications for carrying out the purposes of this Act;

Provided any notification shall not be inconsistent with this Act or any rules or regulations made pursuant to it.

(4) ln particular and without prejudice to the generality of the foregoing power, a notification issued by the Commissioner may stipulate all or any of the matters which in the opinion of the Commissioner are necessary or convenient for the proper administration of this Act.

(5) Failure to comply with a requirement in a notification may be punishable with fine provided that the amount of the fine cannot exceed Rupees five hundred or such other amount as may be prescribed.

(6) Every notification issued by the Commissioner under this Act shall be published in the Official Gazette, and shall not have any effect prior to such publication.

72. Persons to be public servants

The Commissioner, all Goods Tax authorities and all members of Appellate Tribunal shall be deemed to be public servants within the meaning of section 21 of lndian Penal Code.

73. immunity from civil suit

No suit shall be brought in any civil court against the Government, the Commissioner, any Goods Tax authorities, or member of the Appellate Tribunal for anything done or intended to be done in good faith under this Act or the rules made there under.

74. Appellate Tribunal

(1) The Government shall, as soon as may be convenient after the commencement of this Act, constitute an Appellate Tribunal consisting of one or more members, as he

thinks fit, to exercise the powers and discharge the functions conferred on the Appellate Tribunal by or under this Act.

Provided that where the Appellate Tribunal consists of one member, that member shall be a person who has held a civil judicial post for at least ten years or who has been a member of the lndian Legal Service (not below Grade lll) for at least three years or who has been in practice as an advocate for at least ten years, and where the Appellate Tribunal consists of more than one member, one such member shall be a person qualified as aforesaid.

(2) Where the number of members of the Appellate Tribunal is more than one, the Government shall appoint one of those members to be the Chairperson of the Appellate Tribunal.

(3) Subject to the provisions of sub-section (1), the qualifications and other conditions of service of the member or members constituting the Appellate Tribunal and the period for which such member or members shall hold office, shall be such as may be determined by the Government. (4) Any vacancy in the membership of the Appellate Tribunal shall be filled up by the Government as soon as practicable.

(5) Where the number of members of the Appellate Tribunal is more than one and if the members differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the members are equally divided, the

decision of the Chairman of the Appellate Tribunal thereon shall be final.

(6) Subject to the previous sanction of the Government, the Appellate Tribunal shall, for the purpose of regulating its procedure and disposal of its business, make regulations consistent with the provisions of this Act and the rules made there-under.

(7) The regulations made under sub-section (6) shall be published in the Official Gazette. (8) The Appellate Tribunal shall, for the purpose of discharging its functions, have all the powers which are vested in the Commissioner under section 76 and any proceeding before the Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the lndian Penal Code, 1860 (45 of 1860) and the Appellate Tribunal shall be deemed to be a Civil Court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of1974).

CHAPTER XII.
OBJECTIONS, APPEALS, DISPUTES AND QUESTIONS

75. Making an objection to the Commissioner

(1) Any person who is dissatisfied with -

(a) an assessment made by the Commissioner (including an assessment under section 35); or (b) any other determination, notice, order or decision made by the

Commissioner; (in this section called the "Commissioner's determination") may make an objection against the Commissioner's determination with the Commissioner.

Provided that no objection may be made against a non appealable order as defined in section 80.

Provided further that no objection against an assessment shall be entertained by the Commissioner unless the objection is accompanied by satisfactory proof of the payment of any amount of tax, interest or penalty assessed that is not in dispute.

Provided further that only one objection may be made by the person against any assessment or decision made by the Commissioner.

Provided further that in the case of an objection to an amended assessment, determination, notice, order, or decision, an objection may be made only to the portion amended.

(2) A person who is aggrieved by the failure of the Commissioner to make a determination, reach a decision, to issue any assessment, order or notice, or to undertake any other procedure under this Act, within six months after a request in writing was served on the
Commissioner to do so, may make an objection against the Commissioner's failure.

(3) An objection shall be in writing in the prescribed form and shall state fully and in detail the grounds upon which the objection is made.

(4) The objection must be made by the person to the Commissioner -

(a) in the case of an objection made under subsection (1), within two months of the date on which the Commissioner served or notified the person of the Commissioner's determination; or (b) in the case of an objection made under subsection (2), no sooner than six months and no later than eight months after the written request under sub-section (2) was served on the Commissioner;

Provided that where the Commissioner is satisfied that the person was prevented for sufficient cause from lodging the objection within the time specified, the Commissioner may accept an objection within a further period of two months.

(5) The Commissioner shall conduct its proceedings by an examination of the Commissioner's determination, the Commissioner's statement of reasons (if any) and the objection;

Provided that where the person aggrieved requests a hearing in person, the person shall be afforded an opportunity to be heard in person.

(6) Where a person has requested a hearing under sub-section (5)and the person fails to attend the hearing at the time and place stipulated, the Commissioner shall proceed and determine the objection in the absence of the person.

(7) Within three months after the receipt of the objection, the Commissioner shall either: (a) accept the objection in whole or in part and take appropriate action to give

effect to the acceptance (including the remission of any penalty assessed either in whole or in part); or (b) refuse the objection or the remainder of the objection (as the case may be);

and in either case, serve on the person objecting a notice in writing of the decision and the reasons for it, including a statement of the evidence on which it is based.

Provided that where the Commissioner within three months of the making of the objection notifies the person in writing, the Commissioner may continue to consider the objection for a further period of two months.

Provided also that the person may in writing request the Commissioner to delay considering the objection for a period of up to three months for the proper preparation of its position, in which case the period of the adjournment shall not be counted toward the period by which the Commissioner must reach its decision.

(8) Where the Commissioner has not notified the person of its decision within the time specified under sub-section (7), the person may serve on the Commissioner a written notice requiring the Commissioner to make a decision within seven days.

(9) lf the Commissioner has not made a decision by the end of the period of seven days after being given the notice referred to in sub-section (B), then, at the end of that period, the Commissioner shall be deemed to have allowed the objection.

(10) Transition. Where on the date of commencement of this Act a dispute under the Arunachal Pradesh Sales Tax Act, 1999 has been pending before an appellate authority for more than three years, the dispute shall be disposed of within a period of two years from the date commencement of this Act.

(11) Where the dispute referred to in sub-section (10) has not been decided within the time required, the dispute shall be deemed to have been resolved in favour of the dealer.

76. Power of Commissioner and other authorities to take evidence on oath, etc

(1) The Commissioner or any person determining objections under section 75,for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure 1908 (5 of 1908) when trying a suit, in respect of the following matters,namely -

(a) enforcing the attendance of any person and examining him on oath or affirmation;

(b) compelling the production of accounts and documents; and

(c) issuing commissions for the examination of witnesses, and any proceeding under this Act before the Commissioner or person determining objections under section 75 shall be deemed to be a judicial proceeding within the meaning of sections 1 93 and 228 and for the purposes of section 196 of the lndian Penal Code, (45 of 1860).

(2) Subject to any rules made in this behalf, the Commissioner or any person determining objections under section 75 may impound and retain in its custody, any

books of accounts or other documents produced before it in any proceedings under this Act until such proceedings are concluded ;

Provided that the Commissioner or the person determining an objection under section 75 shall not impound any books of accounts or other documents without recording in writing his reasons for so doing.

77. Appeals to Appellate Tribunal

(1) Any person aggrieved by a decision made by the Commissioner under section 75 may appeal to the Appellate Tribunal against such decision;

Provided that no appeal may be made against a non-appealable order under section 8 **Explanation**; The Commissioner does not appeal to the Appellate Tribunal. The Commissioner may make a further assessment of tax where he is of the opinion that further tax is owed. (2) Subject to the provisions of section 78, no appeal shall be entertained unless it is made within two months from the date of service of the decision appealed against.

(3) Every appeal made under this section shall be in the prescribed form, verified in the prescribed manner and shall be accompanied by such fee as may be prescribed.
(4) No appeal against an assessment shall be entertained by the Appellate Tribunal unless the appeal is accompanied by satisfactory proof of the payment of the amount in dispute and any other amount assessed as due from the person.

Provided that the Appellate Tribunal may, if it thinks fit, for reasons to be recorded in writing, entertain an appeal against such order without payment of some or all of the amount in dispute, on the appellant furnishing in the prescribed manner security for such amount as it may direct.

Provided further that no appeal shall be entertained by the Appellate Tribunal unless it is satisfied that such amount as the appellant admits to be due from him has been paid.

(5) ln proceedings before the Appellate Tribunal -
(a) the person aggrieved shall be limited to disputing only those matters stated in the objection; (b) the person aggrieved shall be limited to arguing only those grounds stated in the
Objection; and
(c) the person may adduce evidence not presented to the Commissioner.
(6) The Appellate Tribunal shall-
(a) in the case of an assessment, confirm, reduce, or annul the assessment (including any penalty and interest imposed);
(b) in the case of any other decision of the Commissioner, affirm or reject the decision;or (c) pass such other order for the determination of the issue as it thinks fit.

The Appellate Tribunal shall give reasons in writing for its decision. Those reasons must include its findings on material questions of fact and the evidence or other material on which those findings were based.

(7) The Appellate Tribunal shall use its best endeavours to make a final resolution of the matter before it and for this purpose may make a decision in substitution for the order in dispute, including the exercise or re-exercise of any discretion or power vested in the Commissioner. (8) The Appellate Tribunal shall not set aside an assessment and remit the matter to the Commissioner for a further assessment, unless it has first -

(a) advised the aggrieved person of the proposed order;

(b) offered the person the opportunity to adduce such further evidence before it as might assist the Appellate Tribunal to reach a final determination.

(9) Where the Appellate Tribunal sets aside an assessment and remits the matter to the Commissioner for a further assessment, the Appellate Tribunal shall at the same time order the Commissioner to refund to the person some or all of the amount in dispute. Where no order is made, it shall be presumed that the Appellate Tribunal has ordered the refund of the amount in dispute.

(10) Where a person has failed to attend the hearing at the time and place stipulated, the Appellate Tribunal may adjourn the proceedings, strike out the appeal or proceed to make an order determining the objection in the absence of the person.

(11) Save as provided in section 82 and sub-section(12), an order passed by the Appellate Tribunal on an appeal shall be final.

(12) The Appellate Tribunal may rectify any mistake or error apparent from the record of its proceedings.

78. Extension of period of limitation in certain cases

(1) The Appellate Tribunal may admit an appeal under section 77 after the period of limitation laid down in that section, if the appellant satisfies the Appellate Tribunal that he had sufficient cause for not preferring the appeal within such period.

(2) ln computing the period laid down under sections 77 and 82, the provisions of sections 4 and 12 of the Limitation Act, 1963 (36 of 1963), shall, so far as may be, apply.

(3) ln computing the period of limitation prescribed ,), or under any provision of this Act, or the rules made There under, other than sections 77 or 82,any period during which any proceeding is stayed by an order or injunction of any court shall be excluded.

79. Burden of proof

The burden of proving any matter in issue in proceedings under section 75, or before the Appellate Tribunal which touches the liability to pay or any amount under this Act shall lie on the person alleged to be liable to pay the amount.

Explanation: The burden of proof in criminal prosecutions is unaffected by this rule.

80. Non-appealable orders

(1) No objection or appeal shall lie against -

(a) a decision of the Commissioner to make an assessment of tax or penalty;

(b) a notice requiring a person to furnish a return;

(c) a notice issued under section 59 of this Act;

(d) a decision of the Commissioner to notify any matter;

(e) a notice asking a dealer to show cause as to why he should not be prosecuted for an offence under this Act;

(f) a decision relating the seizure or retention of books of accounts, register and other documents;

(g) a decision sanctioning a prosecution under this Act;

(h) an interim decision made in the course of any proceedings;

(i) a decision of the Commissioner touching on the internal administration of the Goods Tax authorities;

(j) a determination or ruling of the Commissioner under section 85 or section 86; or

(k) an assessment issued by the Commissioner to give effect to an order of The Appellate Tribunal or a court.

(2) Except as provided in paragraph (k), nothing in sub-section (1) shall prevent the person objecting to the amount or the obligation to pay any amount assessed by the Commissioner.

81. Assessment proceedings etc. not to be invalid on certain grounds

(1) No assessment including a re-assessment, notice, summons or other proceedings made or issued or taken or purported to have been made or issued or taken in pursuance of any of the provisions of this Act or under the earlier law shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such assessment, notice, summons or other proceedings, if such assessment, notice, summons or other proceedings are in substance and effect in conformity with or according to the intent and purposes of this Act or any earlier law.

(2) The service of any notice, order or communication shall not be called in question if the said notice, order or communication, as the case may be, has already been acted upon by the dealer or person to whom it is issued or which service has not been called in question at or in the earliest proceedings commenced, continued or finalized pursuant to such notice, order or communication.

(3) No assessment or re-assessment made under this Act shall be invalid merely on the ground that the action could also have been taken by any other authority under any other provisions of this Act.

82. Statement of case to the High Court

(1) Within two months from the date of an order passed by the Appellate Tribunal

under sub-section (6) of section 77, a person aggrieved or the Commissioner may, by application in writing, and accompanied by such fee as may be prescribed, require the@ to refer to the High Court any question of law arising out of such order, and, subject to the other provisions contained in this section, the Appellate Tribunal shall, within four months of the receipt of such application draw up a statement of the case and refer it to the High Court.

Provided that the Appellate Tribunal may, if it is satisfied that the person or the Commissioner was prevented by sufficient cause from presenting the application within the period hereinbefore specified, allow it to be presented within a further period not exceeding one month.

(2) lf the Appellate Tribunal refuses to state the case which it has been required to do, on the ground that no question of law arises, the person or the Commissioner, as the case may be, may, within one month of the communication of such refusal either withdraw his application (and if he does so, any fee paid shall be refunded), or apply to the High Court against such refusal. (3) lf upon receipt of an application under subsection (2), the High Court is not satisfied as to the correctness of the refusal of the Appellate Tribunal, it may require the Appellate Tribunal to state the case and refer it, and on receipt of such requisition, the Appellate Tribunal shall state the case and refer it accordingly.

(4) lf the High Court is not satisfied that the statement in a case referred to it is sufficient to enable it to determine; the question so raised thereby, the court may refer the case back to the Appellate Tribunal for the purpose of making such additions thereto or alterations therein as it may direct in that behalf.

(5) The High Court upon the hearing of any such case shall decide the question of law raised thereby, and shall deliver its judgment thereon containing the grounds in which such decision is founded, and shall send to the Appellate Tribunal a copy of such judgment under the seal of the court and the signature of the Registrar, and the Appellate Tribunal shall dispose of the case accordingly.

(6) Where a reference is made to the High Court under this section, the cost (which shall not include the fee referred to in sub-section (1)) shall be in the discretion of the court.

(7) The payment of the amount of tax, interest or penalty, if any, due in accordance with the order of the Appellate Tribunal in respect of which an application has been made under sub-section (1) shall not be stayed pending the disposal of such application or any reference made in consequence thereof but if such amount is reduced as a result of such reference, the excess tax paid shall be refunded in accordance with the provisions of section 40.

83. Appearance before any authority in proceedings

(1) Any person, who is entitled or required to attend before any authority in connection

with any proceedings under this Act, may attend -
(a) by a person authorised by him in writing in this behalf, being a relative or a person regularly employed by him; or
(b) by a legal practitioner or chartered accountant who is not disqualified by or under sub-section (2); or
(c) by a goods tax practitioner who possesses the prescribed qualifications and is entered in the list, which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section (2).
(2) The Commissioner may, for reasons to be recorded in writing, disqualify for a period from appearing before any such authority, any legal practitioner, chartered accountant or goods tax practitioner-
(a) who has been removed or dismissed from government service; or
(b) who being a goods tax practitioner or chartered accountant is found guilty of misconduct in connection with any proceedings under this Act by an authority empowered to take disciplinary action against the members of the profession to which he belongs; or
(c) who being a legal practitioner is found guilty of such misconduct by the Commissioner.

(4) Any person who is disqualified under this section may, within one month of the date of disqualification, appeal to the Government to have the disqualification cancelled.

(5) The decision of the Commissioner shall not take effect until one month of the making thereof or when an appeal is preferred, until the appeal is decided.
(6) The Commissioner may at any time suo motu or on an application made to him in this behalf, revoke any decision made against any person under subsection (2) and thereupon such person shall cease to be disqualified.
Explanation: A decision made by the Commissioner under this section may also be the subject of an objection under section 75.

84. Bar of suits in civil courts

No suit shall be brought in any civil court to set aside or modify any assessment made or any order passed under this Act or the rules made thereunder.

85. Determination of specific questions

(1) lf any determinable question arises, otherwise than in proceedings before a court, a person may apply in the prescribed manner to the Commissioner for the determination of that question. (2) Subject to sub-section (3), an application for the determination of a determinable question may be made in respect of a proposed transaction, a transaction that is being undertaken, or a transaction has been concluded.

(3) An application for the determination of a determinable question may not be made after the Commissioner commenced the audit of the person pursuant to section 59.
Explanation: For the purposes of this sub-section, the Commissioner shall be deemed to have commenced the audit of a person under section 59 when the Commissioner serves a notice to this effect.
(4) For the purposes of this section, the following shall be determinable questions:
(a) whether any person, society, club or association or any firm or any branch or department of any firm is or would be a dealer;
(b) whether any dealer is or would be required to be registered under this Act;
(c) the amount of the taxable quantum of a dealer for a period;
(d) whether a transaction is or would be a sale, or requires an adjustment to be made under section I arising out of a sale;
(e) whether a transaction is or would be in the nature of works contract, or transfer of right to use any goods;
(f) whether a sale is not liable to tax under section 7;
(g) whether a sale is exempt from tax under section 6;
(h) the sale price of a transaction;
(i) the proportion of the turnover or turnover of purchases of a dealer which arises in a tax period, and the time at which an adjustment to tax or tax credit arises;
(j) whether any transaction is or would be the import of goods;
(k) the value of any goods imported into Arunachal Pradesh;
(l) the rate of tax that is payable on a sale or import of goods and the classification of the goods under the Schedules to the Act;
(m) whether a transaction is the purchase of goods, or requires an adjustment to be made under section 10 arising out of a purchase;
(n) the amount of any tax credit to which the dealer is entitled in respect of a purchase or import of goods;
(o) the amount of any tax credit in respect of any used goods purchased by a dealer;
(p) the location of apy sale or purchase;
(q) the application of h simplified accounting method in the circumstances of the dealer; or (r) the tax period of a dealer.
(5) The Commissioner shall make the determination within such period as may be prescribed.
(6) The Commissioner may -
(a) direct that the determination shall not affect the liability of any person under this Act with respect to any transaction effected prior to the determination;
(b) limit the period for which the determination will apply;
(c) limit the transactions to which the determination will apply; and
(d) impose such other limitations or restrictions on the determination as seem

appropriate. (7) lf any such question arises from any order already passed under this Act or under the Arunachal Pradesh Sales Tax Act, 1999, (5 of 1999), as then in force in Arunachal Pradesh, no such question shall be entertained for determination under this section but such
question may be raised in an objection or appeal against such order.
(8) A determination made by the Commissioner under this section may not be the subject of an objection under section 75.
Explanation : A person who is dissatisfied with a determination has the right to object to an assessment made in consequence of the determination.
(9) Where -
(a) the Commissioner has issued to a person a determination in respect of a particular transaction; and
(b) the person implements the transaction in reliance on the determination issued to him under this section and in the manner described in the application; no assessment may be raised by the Commissioner against that person which is inconsistent with the determination and no penalty may be imposed on the person if the determination is later held incorrect.
(10) The Commissioner may by notice served on the person, withdraw or qualify a determination issued under this section but such withdrawal or qualification shall not affect the entitlement of any person to rely on the determination with respect to any transaction or action which he has commenced or which he has completed prior to the withdrawal or qualification.

86. Ruling on general questions

(1) The Commissioner may by notice in the Official Gazette publish his ruling on the answer to any question involving the interpretation of this Act or application of this Act to a class of persons or class of transactions.

(2) A ruling issued by the Commissioner under this section may be issued subject to such restrictions and conditions as the Commissioner may deem fit.
(3) The ruling shall be treated as coming into effect on the date stated in the ruling (which may be a date prior to the publication of the ruling) or, if no date is stated in the ruling. on the date of publication of the Official Gazette.
(4) Where -
(a) the Commissioner has published a ruling in respect of a class of persons or transactions; (b) a person implements a transaction or undertakes any action in reliance on the ruling; (c) the ruling has, at the time of implementing the transaction or undertaking the action, not been withdrawn by the Commissioner; and
(d) according to the terms of the ruling, the ruling purports to applies to the transaction or action undertaken by the person; no assessment may be raised by the Commissioner

against that person which is inconsistent with the ruling and no penalty may be imposed on the person if the ruling is later held incorrect.

Explanation. A person may rely on the Commissioner's ruling or on the determination made under section 84.

(5) The Commissioner may by notice published in the Official Gazette withdraw or qualify a ruling already issued under this section but such withdrawal or qualification shall not affect the entitlement of any person to rely on the ruling with respect to any transaction or
action commenced or completed by him prior to the withdrawal or qualification.

CHAPTER XIII.

ADMINISTRATIVE PENALTIES AND OFFENCES

87. Administrative penalties

(1) ln this section "tax deficiency" means the difference between the tax properly payable by the person in accordance with the provisions of this Act and the amount of tax paid by the person in respect of a tax period or the import of goods into Arunachal Pradesh.

(2) Power to prescribe new penalty amounts. The Government may from time to time, if he deems it necessary, vary the amount of any penalty due under this section by a notification to that effect in the Official Gazette.

Provided that any penalty which is increased under this section shall have effect only for offences or failures occurring after the date of notification.

(3) Multiple administrative penalties. Where two or more administrative penalties arise under this Act in respect of the same conduct of a person, the person is liable to pay only the greater penalty.

Registratio
n

(4) Failure
to register.

Where a person who is required to be registered under this Act has failed to apply for registration within one month from the day on which the requirement arose, the person is liable to pay, by way of penalty, 3p amount equal to Rupees one
thousand per day, from the day on which the requirement arose until the person makes an application for registration in the prescribed form, containing such particulars and information and accompanied by such fee, security and other documents as may be prescribed;

Provided that the amount of penalty payable under this sub-section shall not exceed Rupees one lakh.

(5) Failure to notify change of registration details.

lf, a registered dealer fails to comply with the provisions of sub-section (1) of section 22,lhe person shall be liable to pay by way of penalty, a sum of Rupees one hundred per day of default subject to a maximum of
Rupees five thousand.

(6) Failure to apply for cancellation of registration. lf a registered dealer-

(a) fails to comply with the provisions of sub-section (2) of section 23; or

(b) fails to surrender his certificate of registration as provided in sub-section (7) of section 23; the registered dealer shall be liable to pay by way of penalty a sum equal to Rupees one hundred for every day of default subject to a maximum of Rupees five thousand.

(7) **Falsely represent status**. lf any person falsely represents that he is registered as a dealer under this Act, he shall be liable to a penalty equal to the amount of tax wrongly collected or Rupees one lakh, whichever is the greater.

(8) Failure to comply with registration requirements. Where a person -

(a) has applied for registration under section 19(4);

(b) has been registered; and

(c) either -

(i) has failed to under take activities which would make the person a dealer within the period specified in his application; or

(ii) has failed to comply with any of the restrictions or conditions subject to which such registration was granted, the person shall be liable to pay a penalty of Rupees ten thousand.

Returns

(9) Failure to furnish returns, complete returns or revised returns. lf a person required to furnish a return under Chapter V -

(a) fails to furnish any return by the due date; or

(b) fails to furnish with a return any other document that is required to be furnished with the return; or

(c) being required to revise a return already furnished, fails to furnish the revised return by the due date; the person is liable to pay by way of penalty a sum of Rupees one hundred per day from the day on which the requirement arose until the failure is rectified;

Provided that the amount of penalty payable under this sub-section shall not exceed Rupees ten thousand.

(10) False, misleading or deceptive returns.

Any person who -

(a) furnishes a return under this Act which is false, misleading or deceptive in a material particular; or

(b) omits from a return furnished under this Act any matter or thing without which the

return is false, misleading or deceptive in a material particular; shall be liable to pay by way of penalty a sum of Rupees one lakh or the amount of the tax deficiency, whichever is the greater.

Payment of incorrect amount of tax

(11) Transition stock credit. Any dealer who -

(a) has claimed tax credit under section 15 to which he is not entitled; or

(b) has claimed a greater tax credit under section 15 than is allowed; is liable to pay by way of penalty an amount equal to the amount of tax credit so claimed or Rupees ten thousand, whichever is the greater.

(12) Failure to pay proper amount of tax. Where a tax deficiency arises in relation to a person, the person shall be liable to pay by way of penalty:

(a) 100% of the deficiency, where the deficiency resulted from the intentional disregard of the law by the person;

(b) 50% of the deficiency, where the deficiency resulted from careless disregard of the law by the person;

(c) 10% of the deficiency, where the deficiency resulted from an honest and reasonable mistake made by the person;

(d) 20% of the deficiency, in any other case. Records, accounts and invoices

(13) Failure to prepare or retain required records and accounts. Where a person is required under this Act to -

(a) prepare records or accounts;

(b) prepare records or accounts in a prescribed manner;

(c) retain records or accounts; or and the person -

(i) fails to prepare the required records and accounts;

(ii) fails to prepare records and accounts in the prescribed manner; or

(iii) fails to retain the records and accounts for the prescribed period; the person is liable to pay by way of penalty a sum of Rupees fifty thousand or twenty per cent of the tax

deficiency, whichever is the greater.

(14) Failure to produce requested information. Any person who fails to comply with a requirement made of the person by the Commissioner under section 60(2)or 60(3) shall be liable to pay by way of penalty Rupees fifty thousand.

(15) Preparing accounts that are false, misleading or deceptive. Where a person who is required to prepare records and accounts under this Act r prepares records and accounts in a manner that is false, misleading or deceptive, the person is liable to pay by way of penalty a sum of Rupees one lakh or the amount of the tax deficiency whichever is the greater.

(16) Tax invoices. Where a person -

(a) has issued a tax invoice or retail invoice with incomplete or incorrect particulars; or

(b) having issued a tax invoice or retail invoice, has failed to account correctly it in his books of account; the person shall be liable to pay by way of penalty an amount of Rupees fifty thousand or twenty per cent of the tax deficiency, whichever is the greater.

(17) Unauthorised issue of tax invoice. Where a person who is not authorised under this Act to issue a tax invoice has issued a tax invoice for a sale the person shall be liable to pay by way of penalty an amount of Rupees one lakh or the tax deficiency, whichever is the greater.

(18) Failure to have accounts audited. lf any dealer liable to have his accounts audited under section 50 fails to furnish a true copy of such report within the time as aforesaid the person shall be liable to pay by way of penalty an amount equal to Rupees ten thousand.

Penalties on the import of goods

(19) Penalties on Approved Road
Transporter.
Where -

(a) tax on goods imported into Arunachal Pradesh by an Approved Road Transporter has not been paid by the due date for payment of the tax, and

(b) the goods are in Arunachal Pradesh and not in an Approved Warehouse at that time, the Approved Road Transporter shall be liable to pay to the Commissioner a penalty equal to the amount of tax owed on the goods.

(20) Penalties on transporters: Any person who fails to comply with section 26(4) shall be liable to-a penalty equal to the amount of tax unpaid.

(21) Penalties on operators of Approved Warehouses: Where,

(a) tax has not been paid on the import of goods into Arunachal Pradesh ;

(b) the goods have been deposited into an Approved Warehouse; and

(c) either -

(i) the goods are removed from the Approved Warehouse for delivery to a person in Arunachal Pradesh, or

(ii) the goods remain in the Approved Warehouse more than one month after their deposit, the operator of the Approved Warehouse shall be liable to pay to the Commissioner a penalty equal to the amount of tax owed on the goods.

(22) **Tax and penalties on importers of goods removed from Approved**
Warehouses : Where -

(a) tax has not been paid on the import of goods into Arunachal Pradesh,

(b) the goods have been deposited into an Approved Warehouse, and

(c) the goods are sold to a person in Arunachal Pradesh, are delivered to a person in Arunachal Pradesh or are otherwise used or consumed in Arunachal Pradesh, the goods shall be treated as being for consumption, use or sale in Arunachal Pradesh at

that time and the importer shall be liable to pay to the Commissioner the amount of tax unpaid on the goods and a penalty equal to the amount of tax owed on the goods.

(23) Misrepresent destination or status of goods at check-post. Where the person in charge of a goods vehicle has represented whether orally or by conduct taken at a check-post or barrier set up under this Act that -

(a) tax has been paid on the goods in the vehicle and the person in charge does not tender on demand proof in the prescribed form of the payment;

(b) the person is an Approved Road Transporter and the person is not;

(c) the goods in the goods vehicle are for delivery to registered dealer and the documents carried by the person disclose that the goods are for delivery to a person other than a registered dealer; or

(d) the goods in the goods vehicle are for delivery to an Approved Warehouse and the documents carried by the person disclose that the goods are for delivery to a person other than an Approved Warehouse; he shall be liable to a penalty equal to Rupees ten thousand.

(24) Where goods are being carried by a transporter without the documents or without proper and genuine documents or without being properly accounted for in the documents referred to in section 62(2),the transporter shall be liable to a penalty equal to the amount of tax payable on such goods.

General Administration

(25) Obstruct or hinder tax officials. Any person who intentionally hinders, impedes or obstructs the Commissioner in the performance of any functions under This Act shall be liable to pay by way of penalty a sum of Rupees one lakh.

(26) False, misleading or deceptive statements. Any person who -

(a) makes a statement to the Commissioner which is false, misleading or deceptive in a material particular; or

(b) omits from a statement made to the Commissioner any matter or thing without which the statement is false, misleading or deceptive in a material particular; the person shall be liable to pay by way of penalty a sum of Rupees one lakh or the amount of the tax

deficiency, whichever is the greater.

Explanation: The liability to pay a penalty and the amount of the penalty may be the subject of an objection under section 75.

88. Automatic mitigation and increase of penalties

(1) Where as a result of any proceedings the amount of tax with respect to which a penalty was levied has been wholly reduced, the penalty levied shall be cancelled and if the penalty has been paid, it shall be refunded.

(2) Voluntary disclosure prior to audit. lf -
(a) a person is liable to pay a penalty under subsections 87(121(b), (c) or (d); and
(b) the person voluntarily discloses to the Commissioner in writing the existence of the tax deficiency before the Commissioner informs the person that an audit of the person's tax obligations is to be carried out; a the amount of the penalty otherwise due shall be reduced by 80% of the penalty.
(3) Voluntary disclosure during audit. lf -
(a) a person is liable to pay a penalty under subsections 87(12Xb), (c) or (d); and
(b) the person voluntarily discloses to the Commissioner in writing the existence of the tax deficiency after the Commissioner informs the person that an audit of the person's tax obligations is to be carried out; the amount of the penalty otherwise due shall be reduced by 50% of the penalty.
(4) Reliance on advice. lf -
(a) a person is liable to pay a penalty under subsections 87(12\ (b),(c) or (d);
(b) the tax deficiency arose because the person treated this Act as applying to the person in a particular way; and
(c) the decision to adopt that treatment was made by the person relying on a determination given to the person by the Commissioner under section 85 or a ruling issued by the
Commissioner under section 86; the amount of the penalty otherwise due shall be reduced to nil.
(5) Repeat offences. Where -
(a) an administrative penalty under this Act has been
assessed; (b) the penalty has not been remitted in full
after objection; and
(c) the person is subsequently assessed to a further administrative penalty in respect of the same or a substantially similar failure occurring on another occasion (in this section called the "subsequent offence") ; the penalty otherwise due under this Act shall be increased by - (i) in the case of the first subsequent offence, 25% of the penalty otherwise provided; and (ii) in the case of the second and any further subsequent offence , 100"/" of the penalty
otherwise provided.

89. Relationship to assessment; No impact on criminal penalties

(1) The administrative penalties specified under this Act are owed notwithstanding that no assessment of tax owed under this Act has been made.

(2) Any administrative penalty imposed under this Act shall be without prejudice to any prosecution for any offence under this Chapter.

90. Offences and criminal penalties

(1) Whoever, not being a registered dealer, falsely represents that he is or was a

registered dealer at the time when he sells or buys goods shall, on conviction, be punished with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine.

(2) Whoever, knowingly furnishes a false return shall, on conviction, be punished -
(a) in case where the amount of tax which could have been evaded if the false return had been accepted as true exceeds Rupees ten thousand, with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine; and (b) in any other case, with rigorous imprisonment for a term, which shall not be less than three months but which may extend to one year and with a fine.

(3) Whoever, knowingly produces before the Commissioner, false bill, cash-memorandum, voucher, declaration, certificate, tax invoice or other document for claiming deduction on tax credit, shall, on conviction, be punished -
(a) in case where the amount of tax which could have been evaded, if the documents referred to above had been accepted as true, exceeds Rupees fifty thousand during the period of a year, with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine; and
(b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to one year and with a fine.

(c) Whoever knowingly keeps false account or does not keep the account of the value of the goods bought or sold by him in contravention of section 49, shall, on conviction, be punished with rigorous imprisonment for a term which shall not be less than three months but which may extend to one year and with a fine.

(5) Whoever, knowingly produces false accounts, registers or documents or knowingly furnishes false information, shall, on conviction, be punished -
(a) in case where the amount of tax which could have been evaded, if the accounts, registers or documents or information referred to above had been accepted as true, exceeds Rupees fifty thousand during the period of a year, with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine; and
(b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to one year and with a fine.

(6) Whoever issues to any person a false invoice, bill, cash-memorandum, voucher or other document which he knows or has reason to believe to be false, shall, on conviction, be punished with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine.

(7) Whoever, will fully attempts, in any manner whatsoever, to evade any payment of any tax, penalty or interest or all of them under this Act, shall, on conviction, be liable -

(a) in any case where the amount involved exceeds rupees fifty thousand during the period of a year, with rigorous imprisonment for a term which shall not be less than six months but which may extend to three years and with a fine; and
(b) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to one year and with a fine.

(8) Whoever-
(a) carries on business as a dealer without being registered in will full contravention of section 19(1);
(b) fails without sufficient cause to furnish any information required by section 22;
(c) fails to surrender his certificate of registration as provided in section 23(7);
(d) fails without sufficient cause to furnish any returns as required by section 28 by the date and in the manner prescribed;
(e) without reasonable cause, contravenes any of the provisions of section 42;
(f) without sufficient cause fails to issue invoice as required under section 51 ;
(g) fails without sufficient cause, when directed so to do under section 49 to keep any accounts or record, in accordance with the directions;
(h) fails without sufficient cause, to comply with any requirements made of him under section 60, or obstructs any officer making inspection or search or seizure under sections 61 and 62; (i) obstructs or prevents any officer performing any function under section 102;
(j) being owner in charge of a goods vehicle fails, neglects or refuses to comply with any of the requirements contained in section 85; or
(k) deliberately interferes with or obstructs the Commissioner or any officer exercising any other power conferred under this Act, shall, on conviction, be punished with imprisonment for a term which may extend to one year and with a fine.

(9) Whoever aids or abets any person in commission of any act specified in sub-sections (1) to (7) shall, on conviction, be punished with rigorous imprisonment which shall not be less than three months but which may extend to one year and with a fine.

(10) Whoever commits any of the acts specified in sub-sections (1) to (9) and the offence is a continuing one under any of the provisions of these sub-sections, shall, on conviction, be punished with a fine of not less than Rupees one hundred per day during the period of the continuance of the offence, in addition to the punishments provided under this section.

(11) Notwithstanding anything contained in subsections (1) to (9), no person shall be proceeded against these sub-sections for the acts referred to therein if the total amount of tax evaded or attempted to be evaded is less than Rupees two hundred during the period of a year.

(12) Where a dealer is accused of an offence specified in sub-sections (1), (2), (3), (4), (5), (6), or (7) or in clauses (a), (b), (c), (d), (e), (f), (g), (h) and (i) of sub-section (8),

or sub section (10)the person deemed to be the manager of the business of such dealer under section 96 shall also be deemed to be guilty of such offence, unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission thereof .

91. Offences by companies

(1) Where an offence under this Act or the rules has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Provided that, nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence. (2) Notwithstanding anything contained in subsection (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the pad of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation: For the purpose of this section -

(a) "company" means a body corporate, and includes a firm or other association of individuals; and

(b) "director" in relation to a firm means a partner in the firm.

(3) Where an offence under this Act has been committed by a Hindu Undivided Family, the Karta thereof shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Provided that nothing contained in this sub-section shall render the Karta liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

Provided further that, where an offence under this Act has been committed by a Hindu Undivided family and it is proved that the offence has been committed with the consent or connivance of or is attributable to any neglect on the part of any adult member of the Hindu Undivided family, such member shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

92. Cognizance of offences

(1) No court shall take cognizance of any offence under this Act or rules made

thereunder except with the previous sanction of the Commissioner, and no court inferior to that of a Judicial Magistrate 1't Class shall try any such offence.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1 973(2 of 1973) all offences punishable under this Act or the rules made thereunder shall be cognizable and bailable.

93. investigation of offences

(1) Subject to such conditions as may be prescribed, the Commissioner may authorise either generally or in respect of a particular case or class of cases any officer or person subordinate to him to investigate all or any of the offences punishable under this Act.

(2) Every officer so authorised shall, in the conduct of such investigation, exercise the powers conferred by the Code of Criminal Procedure, 1973 upon an officer in charge of a police station for the investigation of a cognizable offence.

94. Compounding of offences

(1) The Commissioner may, either before or after the institution of proceedings for any offence punishable under section 90 or under any rules made under this Act, accept from any person charged with such offence by way of composition of offence a sum not exceeding five thousand rupees or where the offence charged is under sub-sections (1), (2), (3), (4), (5), (6), or (7), or clauses (b), (e), or (f) of sub-section (8) of section 90 not exceeding double the amount of tax which would have been payable on the sale or purchase turnover to which the said offence relates, whichever is greater.

(2) On payment of such sum as may be determined by the Commissioner under sub-section (1), no further proceedings shall be taken against the accused person in respect of the same offence and any proceedings, if already taken, shall stand abated.

95. Chapter XXXVI of the Code of Criminal Procedure, 1973, not to apply to certain offences.

Nothing in Chapter XXXVI, of the Code of Criminal Procedure, 1973 (2 of 1974) shall apply to -

(a) any offence punishable under this Act; or

(b) any other offence which under the provisions of that Code may be tried along with such offence; and every offence referred to in clause (a) or clause (b) may be taken cognizance of by the court having jurisdiction under this Act as if the provisions of that Chapter were

not enacted.

CHAPTER XIV.

MISCELLANEOUS

96. Dealer to declare the name of manager of business Every dealer, who is liable to pay tax under this Act, and who is a Hindu Undivided Family, or an association of persons, club or society or firm or company, or who is engaged in business as the

guardian or trustee or otherwise on behalf of another person, shall within the period prescribed, furnish a declaration in the manner prescribed, stating the name of the person or persons who shall be deemed to be the manager or managers of such person's business for the purposes of this Act. Such declaration shall be revised from time to time as required.

97. Service of notice when family is disrupted or firm is dissolved

(1) Where a Hindu Undivided Family has been partitioned, notices under this Act shall be served on the person who was the last manager of the Hindu Undivided Family, or if such person cannot be found, then on all adults who were members of the Hindu Undivided Family, immediately before the partition.

(2) Where a firm or an association of persons is dissolved, notices under this Act may be served on any person who was a partner (not being a minor) of the firm, or member of the association, as the case may be, immediately before its dissolution.

98. Service of notice in the case of discontinued business

Where an assessment is to be made in respect of business which has been discontinued, a notice under this Act shall be served in the case of a firm or an association of persons or any person who was a member of such firm or association at the time of its discontinuance or in the case of a company on the principal officer thereof.

99. Returns, etc. to be confidential

(1) All particulars contained in any statement made, return furnished or accounts or documents produced in accordance with this Act, or in any record of evidence given in the course of any proceedings under this Act, other than proceedings before a criminal court, shall, save as provided in sub-section (3), be treated as confidential, and notwithstanding anything contained in the lndian Evidence Act, 1 872 (1 of 1872), no court shall, save as aforesaid, be entitled to require any servant of the Government to produce before it any such statement, return, account, document or record or any part thereof, or to give evidence before it in respect thereof . (2) lf, save as provided in sub-section (3), any servant of the Government discloses any of the particulars referred to in sub-section (1), he shall be punishable with imprisonment which may extend to six months, and shall also be liable to a fine.

(3) Nothing in this section shall apply to the disclosure -

(a) of any of the particulars referred to in sub-section

(1) for the purposes of investigation or prosecution under this Act or the lndian Penal Code 1 860 (45 of 1860) or any other enactment for the time being in force;

(b) of such facts to an officer of the Central Government or any State Government as may be necessary for verification of such facts or for the purposes of enabling that Government to levy or realise any tax imposed by it;

(c) of any such particulars where such disclosure 5 occasioned by the lawful employment under this Act of any process for the service of any notice or the recovery of any demand;
(d) of any such particulars to a civil court in any suit or proceeding to which the Government or any goods tax authority is a party and which relates to any matter arising out of any proceeding under this Act or under any other law for the time being in force authorising any goods tax authority to exercise any powers thereunder;
(e) of any such particulars by any public servant where the disclosure is occasioned by the law full exercise by him of his powers under the lndian Stamp Act, 1899 (2 of 1899) to impound an insufficiently stamped document;
(f) of any such particulars to the Reserve Bank of lndia as are required by that Bank to enable it to compile financial statistics of international investment and balance of payment;
(g) of any such particulars to any officer appointed by the Comptroller and Auditor-General of lndia for purpose of audit of tax receipts or refunds;
(h) of any such particulars relevant to any inquiry into a charge of misconduct in connection with income-tax proceedings against a legal practitioner or chartered accountant, to the authority empowered to take disciplinary action against members of the profession to which he belongs;
(i) of such particulars to the officers of the Central Government or any State Government for such other purposes, as the Government may by general or special order direct; or
(j) of any information relating to a class of dealers or class of transactions, if in the opinion of the Commissioner, it is desirable in the public interest, to publish such information.

100. Publication and disclosure of information in respect of dealers and other persons in public interest

(1) Notwithstanding anything contained in this Act, if the Government is of the opinion that it is necessary or expedient in the public interest to publish or disclose the names of any dealers or other persons and any other particulars relating to any proceedings under this Act in respect of such dealers and persons, it may publish to disclose or cause to be published or disclosed such names and particulars in such manner as it thinks fit.

(2) No publication or disclosure under this section shall be made in relation to any tax levied or penalty imposed or interest levied or any conviction for any offence connected with any proceeding under this Act, until the time for presenting an appeal to the appropriate appellate body has expired without an appeal having been presented or the appeal, if presented has been disposed of.

Explanation: ln the case of a firm, company or other association of persons, the names of the partners of the firm, the directors, managing agents, secretaries, treasurers or managers of the company or the members of the association, as the case may be, may also be
published or disclosed, if, in the opinion of the Government, the circumstances of the case justify it.

101. Power to collect statistics

(1) lf the Commissioner considers that for the purposes of the better administration of this Act it is necessary so to do, he may by notification in the Official Gazette, direct that statistics be collected relating to any matter dealt with, by or in connection with this Act.

(2) Upon such direction being made, the Commissioner or any person or persons authorised by him in this behalf may call upon all dealers or any class of dealers or persons to furnish such information or statements as may be stated therein relating to any matter in respect of which statistics are to be collected. The call for information may be made by notification in the Official Gazette, by notice in newspapers or in such other manner as in the opinion of the Commissioner or the said person, is best calculated to bring to the attention of dealers and other persons. The

form in which the persons to whom or, the authorities to which, such information or returns should be furnished, the particulars which they should contain, and the intervals in which such information or returns should be furnished, shall be such as may be prescribed. (3) Without prejudice to the generality of the foregoing provisions, the Government may by rules provide that every dealer or, as the case may be, any class of dealer shall furnish such statements as may be prescribed, with the self assessment, and different provisions may be made for different classes of dealers.

102. Setting up of check-posts and barriers

The Government may, by notification in the Official Gazette, set up check-posts or barriers, or both, at any place in Arunachal Pradesh with a view to preventing evasion of tax and other dues payable under this Act.

103. Power to make rules

(1) The Government may, by notification, make rules, with prospective or retrospective effect, for carrying out the purposes of this Act.

(2) ln particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the matters which under any provision of this Act are required to be prescribed or to be provided for by the rules.

(3) ln making any rules under this section, the Government may direct that a breach thereof shall be punishable with fine not exceeding five hundred rupees and, when the offence is a continuing one, with a daily fine not exceeding twenty-five rupees during the continuance of such offence.

(4) Every, rule made under this Act shall be laid, as soon as may be after it is made, before the Legislative Assembly of the Arunachal Pradesh, while it is session, for a total period of one month which may be comprised in one session or in two or more successive sessions,

and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, the House agrees in making any modification in the rule or the House agrees that the rule should not be made, the rule shall have effect only in such modified form or be of no affect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under

that rule.

104. Power to amend Schedules

(1) lf the Government is of opinion that it is expedient in the interest of general public so to do, he may, by notification in the Official Gazette, add to, or omit from, or otherwise amend, the First, the Second, the Third, the Fourth, the Fifth, the Sixth, the Seventh, or the Eighth schedules, prospectively, and thereupon the said schedules shall be deemed to have been amended accordingly.

(2) The Government may amend the said schedules retrospectively if such amendment does not prejudicially affect the interest of any dealer and it does not violate the principles of equity.

105. Power to remove difficulties

(1) lf any difficulty arises in giving effect to the provisions of this Act, the Government may, by general or special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for the removal of the difficulty.

Provided that no such order shall be made after the expiration of one year from the commencement of this Act.

(2) Every order made under sub-section (1) shall be laid, as soon as may be after it is made, before Legislative Assembly of Arunachal Pradesh, while it is in session, for a total period of one month which may be comprised in one session or in two or more successive

sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, the House agrees in making any modification in the order or the House agrees that the order should not be made, the order shall there after have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that order.

106. Repeal and savings

(1) The Arunachal Pradesh Sales Tax Act, 1 999 (Act 5 of 1999), as in force in Arunachal Pradesh (referred to in this section as the "said Act"), are hereby repealed.

(2) Notwithstanding sub-section (1), such repeal shall not affect the previous operation of the said Acts or any right, title, entitlement, obligation or liability already acquired, accrued or incurred thereunder.

(3) For the purposes of sub-section (2), anything done or any action taken including any appointment, notification, notice, order, rule, form or certificate in the exercise of any powers conferred by or under the said Acts shall be deemed to have been done or taken in the exercise of the powers conferred by or under this Act, as if this Act were in force on the date on which such thing was done or action was taken, and all arrears of tax and other amounts due at the commencement of this Act may be recovered as if they had accrued under this Act.

FIRST

SCHEDULE (List of exempted goods)

{Section 6(1)}

Sl. No.

1 . Agricultural implements manually operated or animal driven 2. Aids & implements used by handicapped persons
3. Aquatic feed, poultry feed & cattle feed, including grass, hay, etc 4, Betal leaves
5. Books and periodicals & journals.
6. Charcoal
7. Coarse grains other than paddy, rice and wheat
8. Condoms and contraceptives
9. Cotton & silk yarn in hank
10. Charkha, Amber Charkha, Handlooms, Handloom fabrics and Gandhi Topi
11. Curd, Lussi, butter milk & separated milk.
12. Electrical energy
13. Earthen pot
14. Fire wood
15. Fresh milk and pasteurised milk
16. Fresh plants, saplings and fresh flowers
17. Fishnet & Fishnet fabrics
18. Fresh vegetables & fruits
19. Garlic & ginger
20. Glass Bangles
21. Human Blood & blood plasma
22. Indigeneous handmade musical instruments
23. Kumkum, Bindi, Alta & Sindur
24. Meat, fish, prawn & other aquatic products when not cured or frozen, eggs and livestock and animal hair.
25. National Flag
26. Organic manure

27. Non-judicial stamp paper sold by Govt. Treasuries, postal items like envelope, postcard etc.
sold by Govt., rupee note &
cheques
28. Raw wool
29. Semen including frozen
semen
30. Slate and slate pencils
31. Silk worm laying, cocoon
& raw silk.
32. Tender green coconut
33. Toddy, Neera and Arak
34. Unbranded bread
35. Unprocessed and unbranded salt
36. Water other than aerated, mineral, distilled,
medicinal, ionic, battery, de-mineralised and water
sold in sealed container.
37. Unprocessed Cereals, pulses, including rice and wheat.
38. Fabrics as specified under sub-section (iia), (vii)
and (x) of section 14of Central Sales Tax Act 1956.
39. Sugar as specified under sub-section (viii) of section 14 of Central Sales Tax Act 1956. 40. Tobacco as specified under sub-section (ix) of section 14 of Central Sales Tax Act 1956.

**[41 . Gur and Jaggery.*

42. Flour, Atta, Maida, Suji, Besan when produced by Chakki situated in Arunachal Pradesh. 43. Bread, when produced by a bakery situated in Arunachal Pradesh. 44. Bamboo and Cane.]

*[Inserted by 2006Amd Act (Act no 7of
2006)s.5

***[45.Life saving drugs (to be specified by the authority) from time to time.]*

**[Inserted by 2006 Amd Act (Act no 11 of 2006)s.3

SECOND SCHEDULE
(List of goods taxable at 1%)
{Section a(1)(a)}

1. Gold and articles made of gold jewellery
2. Silver and articles made of silver, rolled gold and imitation gold.
3. Precious stone, emerald, rubies, gems, diamond, sapphires, real cultured or artificial precious stone

THIRD SCHEDULE
(List of goods taxable at 4"/o)
{Section 4(1Xb)}

1.Agricultural implements not operated manually or not driven by animal 2.All intangible goods like copyright, patent, rep. license etc.

3.All kinds of bricks including brickbats, jhama, fly ash bricks, refractory bricks & asphaltic roofing earthern tiles.

4.All types of yarn other than cotton & silk yarn in hank & sewingthread 5.Aluminium utensils and enamelled utensils.

6.Arecanut powder and betel nut
7.Bamboo
8.Bearings
9.Beedi leaves
10.Beltings of all varieties and descriptions
11.Bicycles, tricycles, cycle rickshaws & parts
12.Bitumen
13.Bone meal
14.Branded bread
15.Bulk drugs
16.Castings
17.Centrigugal & monobolic & submersible pumps & parts
18.Coffee beans & seeds, cocoa pod, green tea leaf & chicory
19.Chemical fertilizers, pesticides, weedicides, insecticides
20.Coir & Coir products excluding coir mattresses
21.Cotton & cotton waste

22.Crucibles

23.Drugs and medicines **[excluding life saving drugs]*

Inserted by 2006 Amd Act (Act no 11 of 2006)s.3(2)

24.Edible oils, oil cake & de-oiled cake

25.Electrodes

26. Exercise book, graph book, & laboratory note book

27. Ferrous & non-ferrous metals & alloys, non-metals, aluminium, copper, zinc & extrusions of those.

28. Fibres of all types and fibre waste.

29. Flour, Atta, Maida, Suji,
besan

30. Fried grams

31. Gur, jaggery & edible variety
of rub gur

32. Hand pumps parts and fittings.

33. Herb, bark, dry plant, dry root, commonly known as jari booti and dry flower.

34. Hose pipes

35. Hosiery goods

36. Husk and bran of cereals

37. lce

38. lncence sticks commonly known as agarbati, dhupkathi or
dhupbati.

39. lndustrial cables (High voltage cables, XLPE Cables, jelly filled cables, optical fibres) 40. lndustrial inputs & packing materials as specified in this Schedule.

41. lnformation Technology products as specified in this schedule.

42. Kerosene oil sold through PDS

43.Leaf plates and cups

44. Lubricants, lubricating oil, engine oil, brake oil
and grease.

45. Liquid product of cellulose, commonly known as L.P.C., and. liquir product of earthen waste commonly known as L.P.E.

46. Newars

47. Napa Slabs (Rough flooring stones)

48. Ores and minerals

49. Paper and newsprint

50. Pipes of all varieties including G.l. pipes, C.l. pipes, ductile pipes,
PVC etc.

51. Plastic footwear
52. Plant and Machinery used in
industry.
53. Printed materials including diary, calendar etc.
54. Printing ink excluding toner and cartridges.
55. Processed & branded
salt
56. Pulp of bamboo, wood
and paper
57. Railcoaches engines &
wagons
58. Readymade garments
59. Renewable energy devices & spare
parts 60. Safety matches
61. Seeds
62. Sewing machine
63. Ship & other water vessels
64. Skimmed milk powder
65. Solvant oils other than organic solvent
oil.
66. Spices of all varieties and forms including cumin seed, niseed, turmeric & dry chillies.
67. Sports goods excluding apparels and footwear
68. Starch
69. Khandasari
70. Tamarind
71. Tractors, Threshers, harvesters & attachments & parts
thereof.
72. Transmission towers
73. Umbrella except garden umbrella
74. Vanaspati (Hydrogeneted Vegetable Oil)
75. Vegetable oil including gingili oil and bran oil
76. Writing instruments
77. Declared Goods (Goods specified under the Section
14 of Central Sales TaxAct, 1956), that are not specified
in
Schedule lor Schedule ll.

INDUSIRIAL INPUTS (See Enter No-40)

1. Animal including fish fats, oils, crude, refined or

purified 2. Glycerol, crude, glycerol waters and glycerol lyes

3. Vegetable waxes, bees wax etc.

4. Animal or vegetable fats boiled, oxidised, dehydrated etc.

5. Liquid glucose (non-medicinal), Dextrose syrup

6. Denatured ethyl alcohol of any strength

7. Manganese ores and concentrates

8. Copper ores and concentrates

9. Nickel ores and concentrates

10. Cobalt ores and concentrates

11. Aluminium ores and concentrates

12. Lead ores and concentrates

13. Zinc ores and concentrates

14. Tin ores and concentrates

15. Chromium ores and concentrates

16. Tungsten ores and concentrates

17. Uranium or thorium ores and concentrates

18. Molybdenum ores and concentrates

19. Titanium ores and concentrates

20. Niobium, tantalum, vanadium orzirconium ores and concentrates 21. Precious metal ores and concentrates

22. Other ores and concentrates

23. Granulated slag (slag sand) from mfg. Of iron or steel

24. Benzole

25. Toluole

26. Xylole

27. Napthalene

28. Phenols

29. Creosole oils

30. Normal Paraffin

31. Butadine

32. Bitumen

33. Flurine, chlorine, bromine and iodine.

34. Sulphur, sublimed or precipitated, colloidal sulphur 35. Carbon (carbon blacks & otherforms of carbon) 36. Hydrogen, rare gases & other non-metals.

37. Alkali or alkaline earth metals

38. Hydrogen chloride

39. Sulphuric acid and anhydrides
40. Nitric acid, sulphonitric acids
41. Diphosphorous penataoxide, phosphoric acid
etc.
42. Oxides of boron, boric acids
43. Halides and halide oxides of non-metals
44. Sulphides of non-metals
45. Ammonia, anhydrous
46. Sodium hydroxide (caustic soda), Potassium
hydroxide (caustic potash)
47. Hydroxide and peroxide of magnesium.
48. Aluminiumhydroxide
49. Chromium oxides and
hydroxides.
50. Manganese oxides.
51. lron oxides and hydroxides .
52. Cobalt oxides and
hydroxides
53. Titanium oxides.
54. Hydrazine & hydroxylamine and their inorganic
salts. 55. Flurides, fluorosilicates, etc.
56. Chlorides, chloride oxides
57. Chlorates and perchlorates, Bromates
etc.
58. Sulphides, Polysulphides.
59. Dithionitesandsulphoxylates.
60. Sulphites,thiosulphates
61. Copper sulphate
62. Nitrites, nitrates
63. Phosphinates,
phosphonates,etc.
64. Carbonates, peroxocarbonates.
65. Cyanides, cyanide oxides.
66. Fulminates, cyanates and th'iocyanates.
67. Borates,
peroxoborates
68. Sodiumdischromate.
69. Potassium dischromate.
70. Radioactivechemical elements.

71. lsotopes and compounds.
72. Compounds, inorganic or organic of ratre earth
metals. 73. Phosphides,whether or not chemically
defined.
74. Calcium carbides.
75. Ethylene, Propylene.
76. Cyclic Hydrocarbons.
77. Halogenated derivatives of Hydrocarbons.
78 Sulphonated, nitrated or nitrosated derivatives of hydrocarbons.
79. Methanol
80. Dl-Ethylene Glycol, Mono-Ethylene Glycol
81. Cyclic alcohols
82. Halogenated, sulphonated derivatives of
products.
83. Ethers, ether-alcohols, ether-phenols etc.
84. Expoxides, epoxy alcohols, epoxyethers.
85. Ethylene Oxide
86. Acetals and
hemiacetals.
87. Aldehydes whether or not with other oxygen function.
88. Halogenated, sulphonated, nitrated derivatives of phenols
alcohols. 89. Saturated acyclic monocarboxylic acids.
90. Unsaturated acyclic monocarboxylic acids.
91. Polycarboxylic acids.
92. Carboxylic acids.
93. Phosphoric ester and their salts.
94. Esters of other inorganic acids.
95. Amine-f unction compounds.
96. Oxygen - function amino-compounds.
97. Quaternary ammonium salts and hydroxides.
98 Carboxyamide-f unction compounds.
99. Carboxyam ide-f unction com pounds i ncl udin g saccharin and its
salts. 100 N itri le-f unction compounds.
101 Diazo-, Azo- or azoxy-compounds.
102. Organic derivatives of hydrazine or of hydroxylamine.
103. Organo-sulph ur compounds.
104. Ethylene Diamine Tetra Acetic Acid.
105. Heterocyclic compounds with oxygen heteroatom(s) only.

106. Heterocyclic compounds with nitrogen heteroatom(s) only.
107. Nucleic acids and their salts.
108. Sulphonamides.
109. Glycosides, natural or reproduced by synthesis and their salts
110. Vegetable alkaloids,natural or reproduced by synthesis and their salts 111. Tanning extracts of vegetable origin.
112. Synthetic organic tanning substances.
113. Colouring matter of vegetable or animal origin.
114. Synthetic organic colouring matter.
115. Colour lakes.
116. Glass frit and other glass.
117. Other
118. Printed driers.
119. Printing ink whether concentrated or solid.
120. Casein, Caseinates.
121. Enzymes, Prepared enzymes.
122. Artificial graphite.
123 Activated carbon.
124. Residual lyes from mfg. Of wood pulp.
125. Rosin and resin acids and derivatives.
126. Wood tar, wood tar oils.
127. Finishing agents, fixing of dye-stuffs.
128. Prepared rubber accelerators.
129. Reducers and blanket wash/roller wash.
130. Reaction initiators, reaction accelerators.
131. Mixed alkylbenzenes.
132. Chemical elements doped.
133. lndustrial monocarboxylic fatty acids.
134. Retarders.
135. LLDPULDPE
136. HDPE
137. Polymers of propylene.
138. PVC
139. Acrylic polymers.
140. Polyacetals.

141. Polythene
chips
142. Polyamides.
143. Amino-resins, polyphenylene oxide.
144. Silicons.
145. Petroleum resins.
146. Cellulose and its chemical derivatives.
147. Natural polymers.
148. lon-exchangers based on polymers.
149. Self-adhesive plates, sheets, film, strip of plastics.
150. Flexible plain films.
151. Articles for conveyance or packing of goods of plastics.
152. Natural rubber, balata, gutta percha.
153. Synthetic rubber and factice derived from oils.
154.Reclaimed rubber.
155. Compounded rubber, unvulcanised.
156. Mechanical wood pulp, chemical wood pulp, semi-chemical wood
pulp 157. Cartons, Boxes.
158. Paper printed labels, paperboard printed labels.
159. Paper self-adhesive tape.
160. Partially oriented yarn, polyester texturised yarn.
161. Polyester Staple Fibre & Polyester Staple Fibre Fill.
162. Polyester Staple Fibre waste.
163. Sacks and bags, of a kind used for packing of
goods 164. Carboys, bottles, jars, phials of glass.
165. Stoppers, caps and lids.

INFORMATION TECHNOLOGY PRODUCTS (See Entry No. 41) 1. Word processing machines, Electronic typewriters
2. Microphones, multimedia speakers, headphones etc.
3. Telephone answering machines
4. Prepared unrecorded media for sound
recording
5. Prepared unrecorded media for sound
recording 6. lT software or any media.
7. Transmission apparatus other than apparatus for radio or T.V.
broadcasting
8. Radio communication receivers,
Radio Pagers 9. Aerials, antennas and

parts
10. LCD Panels, LED panels and parts.
11 . Electrical capacitors, fixed, variable and parts
12. Electronic calculators
13. Electrical resistors
14. Printed Circuits
15. Switches, Connectors, Relays for up to 5 amps
16. DATA/Graphic Display tubes, other than Picture tubes and parts 17. Diodes, transistors & similar semi-conductor devices
18. Electronic lntegrated Circuits and Micro-assemblies
19. Signal Generators and parts
20. Optical fibrecables
21. Optical fibre and optical fibre bundles, cables
22. Liquid Crystal devices, flat panel display devices and parts 23. Computer systems and peripherals, Electronic diaries
24. Cathode ray oscilloscopes, Spectrum analysers, Signal analysers.
25. Parts and Accessories of HSN 84.69,84.70 &84.71 26. D C Micro motors, Stepper motors of 37.5 watts.
27. Parts of HSN 85.01
28. Uninterrupted power supply
29. Permanent magnets and articles
30. Electrical apparatus for line telephony or line telegraphy.

FOURTH SCHEDULE
(List of goods taxable at20o/o)
{Section 4(t)(c)}

1 . (a) Motor spirit use as fuel for Air craft including aviation turbine fuel
' (b) Other motor spirits (except Kerosene, Diesel oil and internal combustion oils) including Petrol
(c) Petroleum gas and natural gas (excluding cooking gas (LPG)
(d) Allother products obtained as derivatives of petroleum and/ or natural gas
2. Non-potable Liquor, ie.(a) Rectified spirit(b) Denatured spirit
(c) Methyl Alcohol
(d) AbsoluteAlcohol
(e) Any other alcohol which the State Govt. by notification in the official gazette

declared to be non-potable for the purpose of entry

3. Liquor including Foreign Liquor, IMFL and Country Liquor

4. Molasses

5. Narcotics

FIFTH SCHEDULE

(List of Dealers exempted from paying tax on sales of goods)

{Section 6(2)}

(To be notified from time to time)

SIXTH SCHEDULE
(List of Organizations who can claim refunds)
{Section 43(1)}
(To be notified from time to time)

SEVENTH SCHEDULE
(List of non-creditable goods)
{Section 2(w)}

(1) Subject to clauses (2) and (3), the following goods are "non-creditable goods" for the purposes of this Act:

1.Motor vehicles designed for transporting fewer than 8 passengers; motor cycles, motor scooters and other motorised two-wheeled vehicles

2. Fuels in the form of petrol, diesel and kerosene, LPG, CNG, coal

3. Conventional clothing, ornaments, footwear and clothing fabrics

4. Food for human consumption

5. Beverages for human consumption

6. Goods designed, and used predominantly for, the provision of entertainment including television receivers, video cassette players, radios, stereo systems, audio cassette player, CD players, DVD players, computer game consoles and computer games, cameras of any kind 7. Tobacco in any form and tobacco products

(2) Any item in clause 1 is not to be treated as non-creditable goods if the item is purchased for the purpose of re-sale in an unmodified form by a registered dealer in the ordinary course of his activities.

(3) Fuel & clothing fabrics (ltem 2 &3 of clause 1) is not to be treated as non-creditable goods if the importer or purchaser is a dealer in products and purchases the items in commercial quantities for use as a raw material input to manufacturing process.

EIGHTH SCHEDULE
(List of non-taxable imports)
{Section 2(X)}

The following goods shall be non-taxable imports.'

1. Schedule 1 goods: Any goods listed in Schedule One to this Act.

2. Temporary imports: Goods which are imported into Arunachal Pradesh and are to be removed from Arunachal Pradesh within 12 hours.

3. Temporary exports and re-imports: Goods (not being cars and motor vehicles) which have been exported from Arunachal Pradesh within the previous 14 days.

4. Vehicles registered in Arunachal Pradesh: Cars and other vehicles registered in Arunachal Pradesh under the Motor Vehicles Act, 1988.

5. Low value items: Any goods brought into Arunachal Pradesh as a single consignment where the total value of the consignment at the time of import is less than Rs 10,000, unless the goods are imported in commercial quantities.

6. Low value items imported by courier: Goods which would have been free from customs duty under the Customs Act, 1962 (if the goods had been imported into Arunachal Pradesh from a foreign country) pursuant to the Courier imports and Exports (Clearance)
Regulations, 1998.

7. Low value items imported by post: Goods which would have been exempt from customs duty under the Customs Act, 1962 (if the goods had been imported into Arunachal Pradesh from a foreign country) pursuant to the Rules Regarding Postal Parcels and Letter
Packets from Foreign parts in and out of lndia.

8. Personal effects, household items and accompanied baggage: Goods which could have been imported free of duty under the Customs Act, 1962 (assuming the goods had been imported into
Arunachal Pradesh from a foreign country) pursuant to the Baggage Rules, 1998 (assuming the entry in Column 1 of Appendix F referred only to "used personal and household articles"). 9. Transfer of residence: Used household items, personal effects and motor cars which are brought into Arunachal Pradesh because of the transfer of the residence of the importer, provided that the importer furnishes to the Commissioner such evidence as may be
prescribed of the transfer of his residence.

10. Goods re-imported into Arunachal Pradesh for repair or other processing: Goods and parts of goods which have been sold in Arunachal Pradesh or which have been

subject to tax in Arunachal Pradesh which could be re-imported free of customs duty under the Customs Act, 1962 (if the goods had been re-imported into Arunachal Pradesh from a foreign country) pursuant to Notification No 158/95 - CUS (November 14, 1995).

11 . Goods imported for warranty replacements: Goods imported for the repair of other goods under warranty (where the price of the warranty was not separately identified at the time of purchase

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