






TEA BOARD  
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Dated: 04.05.16

To  
All Auction Organisers  
Indian Tea Association  
Tea Auction Buyers Association of Calcutta (TABAC)  
Siliguri Tea Traders Association  
FAITTA  
7 Brokers of CTTA

**Sub: Issues related to VAT & CST.**

Dear Sir,


This is with reference to the various issues on VAT, CST etc raised by stakeholders in relation to Pan India Auction Rules. In this regard, Board has received representations from various forums wherein clarifications on below mentioned points have been requested.

1. Rate of tax payable in case the teas are purchased from Kolkata or Siliguri Auctions by a buyer outside the State and not registered under West Bengal VAT Act and whether the said sale would be termed as Inter State sale or not.
2. Whether receiving of auction proceeds in common settlement account through auto generated account numbers is violating Rule 19(8) of WB VAT Act where the registered buyers will be denied of input tax credit.

Since the issues are mainly related to VAT Rules, the matter was taken up with the Sales Tax Commissioner, Govt of West Bengal and the following are clarified.

1. If a buyer of another State not registered under West Bengal VAT Act purchases teas from the auction centres located within West Bengal, the said sale will be treated as Inter State sale and the rate of tax payable will be 2% CST or the State rate whichever is lower (as per CST Acts and Rules). It may be noted that currently the VAT rate for purchasing through auction by a dealer registered under West Bengal VAT Act is 1% (lower than CST rate of 2%) and therefore the same rate will be payable in case of Inter State sale as well.
2. In regard to claiming of input tax credit, it has been confirmed that no difficulty will be faced by the buyer in claiming input tax rebate if the auction payments are made by the buyer to the common settlement account maintained by bank since the bank is just acting as a facilitator here who in turn will transfer the amount to seller and other beneficiaries in required proportion.

Yours faithfully,

  
(Rajanigandha Seal Naskar)  
Controller of Licensing

Copy to:  
Office of the Sales Tax Commissioner,  
Govt of West Bengal.