

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Central Sales Tax (CST) reduced to 3% from 1st April, 2007

New Delhi : March 29, 2007.

The Government of India, Ministry of Finance, Department of Revenue, issued the notification today, to bring into force the provisions of the Taxation Laws (Amendment) Act, 2007, w.e.f. 1st April, 2007. Through this Act, the following amendments, inter-alia, have been carried out to the Central Sales Tax Act, 1956 and the Additional Duties of excise (Goods of Special Importance) Act, 1957 :

- a) The rate of CST on inter-State sale to registered dealers (against Form-C) shall stand reduced from 4 % to 3% or the rate of VAT/State Sales Tax applicable in the State of the selling dealer, whichever is lower.
- b) The rate of CST on inter-State sale other than sale to registered dealers shall be the rate of VAT/State Sales Tax applicable in the State of the selling dealer.
- c) The rate of CST on inter-State sale to Government departments shall also be the rate of VAT/State Sales Tax applicable in the State of the selling dealer, indicated at (b) above. The facility of inter-State purchases by Government Departments against Form-D stands withdrawn.
- d) Enabling provisions have been made for the States to levy VAT on Tobacco. Tobacco has been dropped from the First Schedule of the Additional Duties of excise (Goods of Special Importance) Act, 1957 as also from the list of declared goods, to enable States to levy VAT on Tobacco, at rate higher than 4% , without losing their share out of 1% devolution from the Divisible Pool of Central Taxes.

All the above-mentioned amendments as also other provisions of the Act shall be effective from 1st April, 2007. .