

**COMMISSIONERATE OF CT AND GST, ODISHA (AT CUTTACK)**  
(Finance Department, Government of Odisha)

No. Pol-53/3/2017-Policy-CCT-(Part1) 6322/CT, Dated 21/4/2018

To

**CT & GST Circle Heads  
(All Circles)**

Sub: Determination of purchase value as per Section 2 (j) of the Odisha Entry Tax Act

Ref: Clarification sought for by CT & GST Circle Head (Ganjam I Circle) vide his office letter No.3072/CT dated 09.04.2018

Madam/Sir,

“Purchase Value” as per Section 2 (j) means the value of scheduled goods as ascertained from original invoice or bill and includes insurance charges, excise duties, countervailing charges, sales tax, (value added tax or, as the case may be, turnover tax) transport charges, freight charges and all other charges incidental to the purchase of such goods.

The proviso to clause (j) provides that the purchase value of the scheduled goods,

- (i) where there is no purchase bill or invoice, or
- (ii) where the bill or invoice is proved to be false or
- (iii) where the scheduled goods are obtained otherwise than by way of purchase

shall be the value or price at which the scheduled goods of like kind or quality is sold or is capable of being sold in open market. In other words, if the scheduled goods are intended for sale, the sales price thereof or otherwise, the sale price of scheduled goods of like kind and quality. **The clarification sought for is whether the sale price includes VAT or not.**

Sale price is not defined in the OET Act but defined in Section 2(46) of the Odisha Value Added Tax Act, 2004. Sale price as defined in the OVAT Act means the amount of valuable consideration received or receivable by a dealer as consideration for the sale of any goods less any sum allowed as cash discount or trade discount at the time of delivery or before delivery of such goods but inclusive of any sum charged for anything done by the dealer in respect of the goods at the time of or before delivery thereof.

Clause (q) of Section 2 of the Odisha Entry Tax Act provides that the words and expressions used in the Act and not defined in the said Act, but defined in the OVAT Act, shall have the meaning respectively assigned to them in the OVAT Act. Accordingly, sale price as defined in the OVAT Act can be adopted for determining the purchase value in terms of the Proviso to Section 2(j) of the Odisha Entry Tax Act.

Sale price as defined in the OVAT Act means the amount received or receivable by a dealer as consideration for sale. In the case under consideration, the amount receivable as consideration for sale is the tax exclusive value or the net sale value excluding VAT. The VAT amount is collected as a pass through for eventual deposit into the Government account for discharging the VAT liability. Therefore, the purchase value for the purpose of levy of entry tax should logically be the sale price excluding VAT collected by the dealer.

Considered from another angle, the taxable event for levy of entry tax is entry of goods into a local area for use, sale or consumption therein. Entry of goods always precedes sale of the goods. As a result, the taxable event under the Entry Tax Act will always precede the taxable event under the OVAT Act. Therefore, the purchase value or for that matter the sale value in cases where goods are obtained otherwise than by way of purchase should be the net sale value receivable by the seller-cum-person causing entry of goods and not the VAT inclusive value. The occasion for payment of VAT will arise only if the goods are sold and if sold, at the time of sale only.

**In view of the above, it is hereby clarified that, in relation to the proviso of Sec 2(j) of the OET Act, the purchase value shall be determined on the basis of the sale value excluding VAT.**

Yours faithfully

  
21.4.18  
Commissioner of CT & GST  
Odisha

Memo No. 6323 /CT.,

Dated 21/4/2018

Copy to Heads of all CT & GST Territorial Ranges for information and guidance.

  
21.04.18  
Addl. Commissioner of CT & GST  
(Policy)