

<sup>1</sup>[CHAPTER VI

**AUTHORITY TO SETTLE DISPUTES IN COURSE OF  
INTER-STATE TRADE OR COMMERCE**

**19. Central Sales Tax Appellate Authority.**—(1) The Central Government shall constitute, by notification in the Official Gazette, an Authority to settle inter-State disputes falling under <sup>2</sup>[section 6A read with section 9] of this Act, to be known as "the Central Sales Tax Appellate Authority (hereinafter referred to as the Authority)".

(2) The Authority shall consist of the following Members appointed by the Central Government, namely:—

- (a) a Chairman, who is a retired Judge of the Supreme Court, or a retired Chief Justice of a High Court;
- (b) an officer of the Indian Legal Service who is, or is qualified to be, an Additional Secretary to the Government of India; and
- (c) an officer of a State Government not below the rank of Secretary or an officer of the Central Government not below the rank of Additional Secretary, who is an expert in sales tax matters.

<sup>3</sup>[(2A) Notwithstanding anything contained in sub-section (2), the Chairman or a Member holding a post as such in the Authority for Advance Rulings appointed under clause (a) or clause (c), as the case may be, of sub-section (2) of section 245-O of the Income-tax Act, 1961 (43 of 1961) may, in addition to his being the Chairman or a Member of that Authority, be appointed as the Chairman or a Member, as the case may be, of the Authority under this Act.]

(3) The salaries and allowances payable to, and the terms and conditions of service of, the Chairman and Members shall be such as may be prescribed.

1. Chapter VI (Containing sections 19 to 26) ins. by Act 41 of 2001, sec. 3 (w.e.f. 17-3-2005).
2. Subs. by Act 23 of 2004, sec. 119, for "section 6A or section 9" (w.e.f. 10-9-2004).
3. Ins. by Act 3 of 2006, sec. 2 (w.e.f. 1-3-2006).

(4) The Central Government shall provide the Authority with such officers and staff as may be necessary for the efficient exercise of the powers of the Authority under this Act.

<sup>1</sup>[19A. Vacancies, etc., not to invalidate proceedings.—No proceeding before the Authority shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.]

<sup>2</sup>[20. Appeals.—<sup>3</sup>(1) An appeal shall lie to the Authority against any order passed by the highest appellate authority of a State under this Act determining issues relating to stock transfers or consignments of goods, in so far as they involve a dispute of inter-State nature.]

(2) Notwithstanding anything contained in the general sales tax law of a State, the Authority shall adjudicate an appeal filed under sub-section (1).

(3) An appeal under sub-section (1) may be filed within ninety days from the date on which the order referred to in that sub-section is served on any aggrieved person:

Provided that the Authority may entertain any appeal after the expiry of the said period of ninety days, but not later than one hundred and fifty days from the date of such service, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time:

Provided further that the Authority may entertain any appeal from an aggrieved person within sixty days from the commencement of the Central Sales Tax (Amendment) Act, 2005, where such aggrieved person had the right to file an appeal against the order of the highest appellate authority of the State under

1. Ins. by Act 3 of 2006, sec. 3 (w.e.f. 1-3-2006).

2. Subs. by Act 3 of 2006, sec. 4, for section 20 (w.e.f. 1-3-2006). Section 20, before substitution, stood as under:

"20. Appeals.—(1) The provisions of this Chapter shall apply to appeals filed by the aggrieved dealer against any order of the assessing authority made under section 6A read with section 9 of this Act, which relates to any dispute concerning the sale of goods effected in the course of inter-state trade or commerce.

(2) Notwithstanding anything contained in the general sales tax laws, the Authority shall adjudicate an appeal filed by a dealer under sub-section (1) within forty-five days from the date on which order referred to in that sub-section is served on him:

Provided that the Authority may entertain any appeal after the expiry of the said period of forty-five days, but not later than sixty days from the date of such service, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(4) The application shall be made in quadruplicate and be accompanied by a fee of five thousand rupees."

3. Subs. by the Finance Act, 2010 (14 of 2010), sec. 80, for sub-section (1) and *Explanation* (w.e.f. 8-5-2010). Sub-section (1) and *Explanation*, before substitution, stood as under:

"(1) The provisions of this Chapter shall apply to appeals filed by any aggrieved person against any order of the highest appellate authority of a State, made under section 6A read with section 9.

*Explanation.*—For the purposes of this section and sections 21, 22 and 25 "highest appellate authority of a State" means any authority or tribunal or court (except the High Court) established or constituted under the general sales tax law of a State, by whatever name called."

sub-section (1) as it stood immediately before the commencement of the said Act, but has not availed of the right to file the appeal during the period commencing on and from the 3rd day of December, 2001 and ending with the 16th day of March, 2005.

(4) The application shall be made in quadruplicate and be accompanied by a fee of five thousand rupees.]

**21. Procedure on receipt of application.**—(1) On receipt of an appeal, the Authority shall cause a copy thereof to be forwarded to the <sup>1</sup>[assessing authority concerned as well as to each State Government concerned with the appeal and to call upon them to furnish the relevant records:

Provided that such records shall, as soon as possible, be returned to the assessing authority or such State Government concerned, as the case may be.]

(2) The Authority shall adjudicate and decide upon the appeal filed against an order of the <sup>2</sup>[highest appellate authority].

(3) The Authority, after examining the appeal and the records called for, by order, either allow or reject the appeal:

<sup>3</sup>[Provided that no appeal shall be rejected unless an opportunity has been given to the appellant of being heard in person or through a duly authorised representative, and <sup>4</sup>[also to each State Government] concerned with the appeal of being heard.]

Provided further that whether an appeal is rejected or accepted, reasons for such rejection or acceptance shall be given in the order.

(4) The Authority shall make an endeavour to pronounce its order in writing within six month of the receipt of the appeal.

(5) A copy of every order made under sub-section (3) shall be sent to the <sup>5</sup>[appellant, assessing authority, respondent and highest appellate authority of the State Government concerned].

**22. Powers of the Authority.**—(1) The Authority shall have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908) while trying a suit in respect of the following matters, namely:—

- (a) enforcing the attendance of any person, examining him on oath or affirmation;
- (b) compelling the production of accounts and documents;
- (c) issuing commission for the examination of witnesses;
- (d) the reception of evidence on affidavits;
- (e) any other matter which may be prescribed.

1. Subs. Act 32 of 2003, sec. 164, for certain words (w.e.f. 14-5-2003).

2. Subs. by Act 3 of 2006, sec. 5, for "assessing authority" (w.e.f. 1-3-2006).

3. Subs. by Act 32 of 2003, sec. 164, for the first proviso (w.e.f. 14-5-2003).

4. Subs. by Act 23 of 2004, sec. 119, for "also to the State Government" (w.e.f. 10-9-2004).

<sup>1</sup>[(1A) The Authority may grant stay of the operation of the order of the highest appellate authority against which the appeal is filed before it or order the <sup>2</sup>[deposit] of the tax before entertaining the appeal and while granting such stay or making such order for the <sup>2</sup>[deposit] of the tax, the Authority shall have regard, if the assessee has made <sup>2</sup>[deposit] of the tax under the general sales tax law of the State concerned, to such <sup>2</sup>[deposit] or pass such appropriate order as it may deem fit.]

<sup>3</sup>[(1B) The Authority may issue direction for refund of tax collected by a State which has been held by the Authority to be not due to that State, or alternatively, direct that State to transfer the refundable amount to the State to which central sales tax is due on the same transaction:

Provided that the amount of tax directed to be refunded by a State shall not exceed the amount of central sales tax payable by the appellant on the same transaction.]

(2) Every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code (45 of 1860) and the Authority shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

**23. Procedure of Authority.**—The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure <sup>4</sup>[in all matters including stay of recovery of any demand] arising out of the exercise of powers under this Act.

**24. Authority for Advance Rulings to function as Authority under this Act.**—(1) Notwithstanding anything contained in any other law for the time being in force and in section 19 of this Act, the Authority for Advance Rulings constituted under section 245-O of the Income-tax Act, 1961 (43 of 1961), shall be notified by the Central Government in the Official Gazette, with such modifications as may be necessary, to make its composition in conformity with section 19 of this Act, as the Authority under this Act till such time an Authority is constituted under that section.

(2) On and from the date of the constitution of the Authority in accordance with the provisions of section 19 of this Act, the proceedings pending with the Authority for Advance Rulings shall stand transferred to the Authority constituted under that section from the stage at which such proceedings stood before the date of constitution of the said Authority.

1. Subs. by Act 3 of 2006, sec. 6, for sub-section (1A) (w.e.f. 1-3-2006). Earlier sub-section (1A) was inserted by Act 23 of 2004, sec. 119 (w.e.f. 10-9-2004). Sub-section (1A), before substitution by Act 3 of 2006, stood as under:

“(1A) The Authority may grant stay of the operation of the order of the assessing authority against which the appeal is filed before it or order the pre-deposit of the tax before entertaining the appeal and while granting such stay or making such order for the pre-deposit of the tax, the Authority shall have regard, if the assessee has already made pre-deposit of the tax under the general sales tax law of the State concerned, to such pre-

<sup>1</sup>[25. **Transfer of pending proceedings.**—(1) On and from the commencement of the Central Sales Tax (Amendment) Act, 2005, all appeals (except appeals against orders of the highest appellate authority of the State) pending before the Authority notified under sub-section (1) of section 24 shall stand transferred together with the records thereof to the highest appellate authority of the concerned State.

(2) Such highest appellate authority of the State to which such appeal has been transferred under sub-section (1) on receipt of such records shall proceed to deal with such appeal so far as may be in the same manner as in the case of an appeal filed before such highest appellate authority of the State according to the general sales tax law of the appropriate State, from the stage which was reached before such transfer or from any earlier stage or *de novo* as such highest appellate authority of the State may deem fit:

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**26. Applicability of order passed.**—An order passed by the Authority under this Chapter shall be binding on <sup>3</sup>[each state Government concerned, the assessing authorities] and other authorities created by or under any law relating to general sales tax, in force for the time being in any State <sup>4</sup>[\*\*\*].]

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1. Subs. by Act 3 of 2006, sec. 7, for section 25 (w.e.f. 1-3-2006). Section 25, before substitution, stood as under:

“25. **Transfer of pending proceedings.**—On and from the date when the Authority is constituted under section 19, any proceeding arising out of the provisions contained in this Chapter—

- (i) which is pending immediately before the constitution of such Authority before the appellate authority constituted under the general sales tax law of a State or of the Union territory, as the case may be; or
- (ii) which would have been required to be taken before such appellate Authority, shall stand transferred to such Authority on the date on which it is established.”

2. The proviso omitted by the Finance Act, 2010 (14 of 2010), sec. 82 (w.e.f. 8-5-2010). The proviso, before omission, stood as under:

“Provided that where the highest appellate authority finds that the appellant has not availed of the opportunity of filing first appeal before the appellate authority, such case shall be forwarded to such authority.”.