

**CIRCULAR No.17 / 2010**

Sub:- Sale of Motor Vehicles to Defence Personnel or Ex-service men by CSD –  
Certain clarification issued – reg.

(1) The Fifth proviso to Section 6(1) of KVAT Act, 2003 envisages that where the sale is to or by the Military, Naval, Air Force or NCC Canteen, Indian Naval Canteen Service and Canteen Stores Department, the tax payable under Clause (a) or (d) of Sub-section (1) of Section 6 is at half the rate applicable to the goods covered under the provisions of the KVAT Act. This is subject to the condition that every dealer who makes sale of goods under the above proviso should obtain a declaration in Form No.45 duly signed and sealed by the buyer and produce, on demand, for verification by any authority under the Act.

(2) Where as the Canteen Stores Department in their representation, brought to the notice of Government the difficulties experienced by them while dealing with the automobile sales. On fair consideration of the representation, the following amendment is brought in the Fifth proviso to Section 6(1) of the Act by Kerala Finance Act, 2010 which read as follows:

*“Provided also that where,*

*(a) the sale is to or by Military, Naval, Air-force or National Cadet Corps Canteen, Indian Naval Canteen Service and Canteen Stores Department; and*

*(b) in case of motor vehicles, the sale is to Defence Personnel or Ex-service men on production of authorization duly issued by the authorized officer of the Canteen Stores Department.*

*the tax payable under Clause (a) or (b) above shall subject to such conditions and restrictions as may be prescribed, be at half the rate applicable to such goods.”*

(3) In view of this amendment, production of Form No.45 is not required with regard to the sales of automobiles to Defence personnel or ex-service men. Whereas is made clear in the legislation that the production of authorization from Canteen Stores Department will suffice.

(4) The authorization to be issued by the Canteen Stores Department in the above context shall contain:

(a) Name and full address of Defence personnel or ex-servicemen intending to purchase motor vehicle from the Canteen Stores Department.

- (b) Full business address, vehicle details and the name of the dealer (with TIN) from whom the vehicle is sought to be purchased.
- (c) The authorization with the above particulars shall be made in triplicate.
- (d) The original and duplicate shall be issued to the Defence personnel who intends to purchase the vehicle.
- (e) The same shall be submitted to the dealer for effecting the sale of motor vehicle to the holder of authorization (to Defence personnel or ex-service men) at the concessional rate.
- (f) Thereafter, the dealer shall record the invoice number and date of the authorization and shall file the duplicate copy along with the monthly returns before the assessing authority.
- (g) The invoice issued by the dealers based on such authorization shall invariably contain the number and date of such authorizations.
- (h) The authorizations issued by the Canteen Stores Department shall be serially machine numbered.
- (i) The Canteen Stores Department shall maintain a register containing the particulars of authorizations issued from time to time such as name, full address, service particulars, details of vehicle intended to be purchased by the Defence personnel or ex-service men. Besides this, the details of concession previously availed by the Defence Personnel with authorization number, date and the details of vehicles so purchased shall also be incorporated in the register maintained. This register shall be produced for verification before the statutory authorities on demand.

(5) The liability of ensuring eligibility criterion to avail the statutory benefit for authorization belonging to the “Defence personnel or ex-service men” solely rests with the Canteen Stores Department Canteen.

Statutory changes and the procedure to be followed is brought to the notice of all officers for immediate compliance. This Circular should be acknowledged by return.

COMMISSIONER