

MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS
(Legislative department)

New Delhi, the 11th May, 2002 (Vaisakha, 23, 1924 Saka)

The following Act of Parliament received the assent of the President on the 11th May, 2002, and is hereby published for general information:-

THE FINANCE ACT, 2002
No. 20 OF 2002

[11th May, 2002]

An Act to give effect to the financial proposals of the Central Government for the financial year 2002-03.

BE it enacted by Parliament in the Fifty third year of the Republic of India as follows:-

CHAPTER-1
PRELIMINARY

- Short title and commencement
1. (1) This Act may be called the Finance Act, 2002.
(2) Save as otherwise provided in this Act, sections 2 to 116 shall be deemed to have come into force on the 1st day of April, 2002.

CHAPTER-II
RATES OF INCOME-TAX

- Income-tax
2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2002, income-tax shall be charged at the rates specified in Part 1 of the First Schedule and such tax as reduced by the rebate of Income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased by a surcharge for purpose of the Union calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part 1 of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand

CHAPTER VI

CENTRAL SALES TAX

- Amendment of section 2.
150. In the Central Sales Tax Act, 1956 (hereinafter referred to as the Central Sales Tax Act, 1956), in section 2, for clause (g), the following clause shall be substituted, namely:-

'(g)"sale", with its grammatical variations and cognate expressions, means any transfer of property in goods by one person to another for or against payment or for any other valuable consideration, and includes,

(i) a transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;

(ii) a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;

(iii) a delivery of goods on hire-purchase or any system of payment by installments;

(iv) a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;

(v) a supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration;

(vi) a supply; by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service, is for cash, deferred payment or other valuable consideration,

but does not include a mortgage or hypothecation of or a charge or pledge on goods;'

Amendment of section 2.

151. In section 6 A of the Central Sales Tax Act, in sub-section (1), after the words "along with the evidence of dispatch of such goods", the words ",and if the dealer fails to furnish such declaration, then, the movement of such goods shall be deemed for all purposes of this Act to have been occasioned as a result of sale" shall be inserted.

Amendment of section 2.

152. In Section 8 of the Central Sales Tax Act, -

(i) in sub-section (1), after the words "four percent of his turnover", the words "or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower" shall be inserted;

(ii) in sub-section (2), -

(a) in clause (a), the word "and" shall be omitted;

(b) in clause (b), for the words "whichever is higher," the words "whichever is higher; and " shall be substituted;

(c) for the portion beginning with the words "and for the purpose of" and ending with the words "liable under that law", the following shall be substituted, namely:-

"(c) in the case of goods, the sale or, as the case may be, the purchase of which is, under the sales tax law of the appropriate State, exempt from tax generally shall be *nil*,

and for the purpose of making any such calculation under clause (a) or clause (b), any such dealer shall be deemed to be a dealer liable to pay tax under the sales tax law of the appropriate State, notwithstanding that he, in fact, may not be so liable under that law.

Explanation.- For the purposes of this sub-section, a sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions or the tax is levied on the sale or purchase of such goods at specified stages or otherwise than with reference to the turnover of the goods.”;

(iii) sub-section (2A) shall be omitted;

(iv) in sub-section (3), in clause (b), after the words “for sale or”, the words “in the telecommunications network or “shall be inserted;

(v) in sub-section (5),

(a) in the opening paragraph, after the words “State Government may,”, the words, brackets and figure “on the fulfillment of the requirements laid down in sub-section (4) by the dealer, “shall be inserted;

(b) in clause (a), after the words “inter-State trade or commerce,” the words “to a registered dealer or the Government” shall be inserted;

(c) in clause (b), after the words “inter-State trade or commerce,” the words “to a registered dealer or the Government” shall be inserted;

(vi) after sub-section (5), the following sub-sections shall be inserted, namely:-

(6) Notwithstanding anything contained in this section, no tax under this Act shall be payable by any dealer in respect of sale of any goods made by such dealer, in the course of inter-State trade or commerce’ to a registered dealer for the purpose of manufacture, production, processing, assembling, repairing, reconditioning , re-engineering, packaging or for use as trading or packing material or packing accessories in an unit located in any special economic zone, if such registered dealer has been authorized to establish such unit by the authority specified by the Central Government in this behalf.

(7) The goods referred to in sub-section (6) shall be the goods of such class or classes of goods as specified in the certificate of registration of the registered dealer referred to in that sub-section.

(8) The provisions of sub-section (6) and (7) shall not apply to any sale of goods made in the course of inter-State trade or commerce unless the dealer selling such goods furnishes to the authority referred to in sub-section (6), a declaration in the prescribed manner on the prescribed form obtained from the authority referred to in sub-section (5) duly filled in and signed by the registered dealer to whom such goods are sold.

Explanation- For the purposes of sub-section (6), the expression "special economic zone" has the meaning assigned to it in clause (iii) to Explanation 2 to the proviso to section 3 of the Central Excise Act, 1944;

Amendment of
section 10

153. In section 10 of the Central Sales Tax Act,-

- (i) in clause (a), after the word, brackets and figure "sub-section (4)", the words, brackets and figures "or sub-section (8)" shall be inserted;
- (ii) in clause (d), after the word, brackets and figure "sub-section (3)", the words, brackets and figures "or sub-section (6)" shall be inserted;
- (iii) in clause (e), after the word, brackets and figure "sub-section (4)", the words, brackets and figures "or sub-section (8)" shall be inserted;

Amendment of
section 13

154. In section 13 of the Central Sales Tax Act, in sub-section (1), after clause (a), the following clause shall be inserted, namely.

"(aa) the form and the manner for furnishing declaration under sub-section (8) of section 8;"

Amendment of
section 15

155. In section 15 of the Central Sales Tax Act, in clause (a), the words, "and such tax shall not be levied at more than one stage" shall be omitted.