

CIRCULAR NO.6/99

Sub:- Sale by transfer of documents in the course of inter-state movement of goods under section 6 (2) of the Central Sales Tax Act - action under rule 90 (7) of the C.M.V.Rules - directions issued - reg -

Rule 90 (7) of the Central Motor Vehicles Rules, 1989 provides that a vehicle covered by a national permit shall not pick up or set down goods between two points situated in the same state other than the home state. The Motor Vehicle Authorities used to intercept vehicles which violate this prohibition. Now, in the judgement dated 16.7.97 in OP.No. 14845/93 (Reported in 1997 (2) KLT 544) the Honourable High Court of Kerala has interpreted the ambit of the said provision and has held that where the law relating to interstate trade and commerce permits picking up or setting down of goods between two points situated within the same state no action under the M.V.Act is legally permissible against the owner of the vehicle on the ground of violation of the said rule 90 (7). This decision has been pronounced by the Honourable High Court in the context of the sales covered by section 6 (2) of the Central Sales Tax Act, 1956 (Act 74 of 1956). In the light of the said judgement, the following instructions are issued for strict compliance by all the motor vehicles authorities concerned.

In the case of sales covered by section 6 (2) of the Central Sales Tax Act, 1956, no action shall be taken against the owner of the vehicle on the ground of violation of rule 90 (7) of the C.M.V.Rules, if the following conditions are satisfied, namely:-

- (a) The sales shall be in the course of inter-state movement of goods.
- (b) The goods are covered by valid documents of sale.
- (c) The invoices concerned shall contain the endorsement that the goods are sold while in transit, by transfer of documents under section 6 (2) of the Central Sales Tax Act, 1956 (Act 74 of 1956).
- (d) The despatch advices issued by the consignor contain a direction to make delivery to the consignee in a state other than the home state.

  
(Transport Commissioner (In charge))

To

All DTCs, RTOs, Joint RTOs, Motor Vehicles Inspectors of All Check Posts.  
CA to TC, Sr.DTC & Secy.STA., Sr.DTC (Tax) and SS, JS of Head office for information.

Receipt of the circular may acknowledge.  
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