

**THE BIHAR TAX ON ENTRY OF GOODS INTO LOCAL AREAS FOR  
CONSUMPTION, USE OR SALE THEREIN ACT, 1993**

[Bihar Act 16, 1993]

**(Duly amended by (Amendment) Acts 7 and 19 of 2006)**

**An Act to provide for levy and collection of tax on entry of goods into local areas  
for consumption, use or sale therein.**

Be in enacted by the Legislature of State of Bihar in the forty fourth year of the republic of India as follows :-

1. Short title, extent and commencement.—(1) This Act may be called the Bihar tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993.

(2) It extends to the whole of Bihar.

(3) It shall come into force at once.

2. Definitions.—(1) In this Act unless the context otherwise requires,—

(a) “Commissioner” means the Commissioner of Commercial Taxes or the Additional Commissioner of Commercial Taxes appointed under the Bihar Finance Act, 1981 and includes any other officer upon whom the State Government may be notification confer all or any of the powers and duties of Commissioner under this Act,

(b) “Dealer” shall have the meaning assigned to it under the Bihar Finance Act, 1981.

[(c) “Entry of goods”, with all its grammatical variations and cognate expressions, means, entry of goods:

(i) into a local area from any place outside such area,

(ii) into a local area from any place outside the State,

(iii) into a local area from any place outside the territory of India, for consumption, use or sale therein”.

[Provided that in case of such goods which are liable to tax under section—12(1) of the Bihar Finance Act, 1981, entry of goods shall mean entry of goods into local area from any place outside the State for consumption, use or sale therein.]

[Explanation—Entry of goods into a local area for consumption, use or sale therein from any place outside the territory of India shall also be deemed to be an entry of goods for the purposes of this Act.”

[(cc) “Fund” means the Bihar Trade Development Fund.’

[(d) “Importer” means a dealer or any other person who in any capacity effects or causes to be effected the entry of any scheduled goods into a local area for consumption, use or sale therein.”

(e) “Import Value” means the value of scheduled goods as ascertained from the purchase invoice/bills and includes insurance charges, [import duty, marine insurance charges, landing and wharfage and port charges] excise duties, countervailing duties, sales tax, transport charges, freight charges and all other charges incidental to the import of scheduled goods:

Provided that where the purchase invoice/bills are not produced or when the invoice/bills produced are proved to be false or if, the scheduled goods are acquired or obtained otherwise than by way of purchase the import value shall be the value price at which the scheduled goods of like kind or quality is sold or capable of being sold in open market.

(f) “Local Areas” means the areas within the limits of a—

- (i) Municipal Corporation;      (ii) Municipality;
- (iii) Notified Area Committee;      (iv) Cantonment Board;
- (v) Town Board;      (vi) Mines Board;
- (vii) Municipal Board;      (viii) Gram Panchayat;

(ix) Any other local authority by whatever nomenclature called, constituted or continued in any law for the time being in force.

(g) “Motor Vehicle” means a motor vehicles as defined in clause (28) of Section 2 of the Motor Vehicles Act, 1988;

(h) “Person” includes any Company or Association or body of individuals whether incorporated or not and also a Hindu undivided family, a firm, a local authority, the Government of any State or Union Territory.

(i) “Prescribed” means prescribed by the rules made under this Act.

(j) “Scheduled Goods” means goods specified in the schedule to this Act.

[(k) 'Entry tax' means tax paid under the Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993.]

(2) Words and expressions used in this Act but not defined herein shall have the meaning assigned to them under the Bihar Finance Act, 1981.

3. Charge of Tax—[(I) There shall be levied and collected a tax on entry of scheduled goods into a local area for consumption, use or sale therein for the purpose of development of trade, commerce and industry in the State, at such rate, not exceeding twenty percent, of the import value of such goods, as may be specified by the State Government in a notification published in a official gazette subject to such conditions as may be prescribed:

Provided different rates for different scheduled goods may be specified by the State Government.

Provided further, that if an importer claims that he imported goods notified under sub-section (1) not for the purpose of consumption, use or sale, the burden of proving that the import was for purposes other than for consumption, use or sale shall be on importer importing such goods and making such claim.”

[“Provided further, that if an importer claims that he imported goods notified under sub-section (1) not for the purpose of consumption, use or sale, the burden of providing that the import was for purposes other than for consumption, use or sale, shall be on importer importing such goods and making such claim.”

[(iA) The tax under sub-section (1) shall be continued to be levied till such time as is required to improve infrastructure within the State such as power, road, market, condition etc. with a view to facilitate better market condition for trade, commerce and industry and to bring it to the level of, National average.]

(2) The tax leviable under this Act shall be paid by every dealer liable to pay tax under Bihar Finance Act, 1981 or any other person who brings or causes to be brought into the local areas such scheduled goods whether on his own account or on account of his principal or takes delivery or is entitled to take delivery of such goods on such entry:

Provided no tax shall be leviable in respect of entry of such scheduled goods effected by a person other than the dealer if, the value of such goods does not exceed 25 thousands in a year.

[“Provided further that where an importer of Scheduled goods liable to pay tax under the Act, incurs tax liability, at the rate specified under section-14 of the Bihar Value Added Tax Act, 2005 (Act 27 of 2005), by virtue of sale of imported Scheduled

goods or sale of goods manufactured by consuming such imported Scheduled goods, his tax liability under the Bihar Value Added Tax Act, 2005 (Act 27 of 2005) shall stand reduced to the extent of tax paid under the Act.”

[Provided also that if the sale of such scheduled goods is exempted from tax under any notification issued under sub-section (3) of Section 7 of the Bihar Finance Act, 1981, reduction of his liability under the Bihar Finance Act, 1981, as provided in this section or any notification there under, issued shall not be made.”

(1) The amendment made in section 3 of the said Act shall be deemed to be, and to always have been, for all purposes, as validity and effectively in force at all material times (w.e.f. 25.2.1993)

(2) Any assessment, collection, adjustment, reduction or computation made or any other action taken or anything done or purported to have been taken or done under the Bihar Finance Act, 1981 and the Bihar Tax on Entry of Goods into Local Areas for Consumption, Use of Sale Therein Act, 1993 and notifications issued and rules made there under shall be deemed to be and to have always been, for all purposes, as validly and effectively, assessed, collected, adjusted, reduced, computed or taken or done as if the said Act as amended by this Ordinance had been in force at all material times and accordingly, notwithstanding anything contained in any judgment, decree, or order of any court, or tribunal or other authority :-

(a) no suit or other proceedings shall be maintained or continued in court or tribunal or other authority for the refund of any amount received or realized by way of such tax;

(b) no court, tribunal or other authority shall enforce any decree or order directing the refund or any amount received or realized by way of such tax;

(c) recoveries shall be made in accordance with the third proviso to sub-section (2) of Section 3 of the Bihar Tax on Entry of Goods Into Local Areas for Consumption, Use or Sale Therein Act, 1993 of all amounts which could have been collected as tax under the said Act by reason of amendment made in Section 3 by this Ordinance but which had not been collected.

(3) For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section has not come into force.]

[“Provided that in case of a manufacturer the reduction in tax liability as aforesaid shall only be allowed to industrial units of the small scale sector, the medium scale sector and sick industrial units :

Provided that the said reduction in tax shall be available to manufacturer if the imported scheduled goods are used or consumed in the manufacture of goods which are sold within the State of Bihar or in the course of inter-State trade and commerce or in the course of export out of the territory of India. In case only a part of the goods manufactured out of imported Scheduled goods are sold within the State of Bihar or in the course of inter-State trade and commerce or in the course of export out of the territory of India, the claim for reduction in tax liability shall stand proportionately reduced:

Provided further that such reduction from the tax liability shall be admissible only if the dealer specifically mentions in the returns, filed under section-24 of the Bihar Value Added Tax Act, 2005 (Act 27 of 2005), the Number, date and the amount of the Challan by which the payment of Entry tax in relation to which the reduction has been claimed, has been made.]

[“(3): The liability to pay tax on Scheduled goods shall only be at the point of first entry into a local area and any subsequent entry or entries into any other local area or areas of the said Scheduled goods shall not be subject to tax provided the subsequent importing dealer produces before the assessing officer the original copy of the cash memo, invoice, bill or challan issued to him by the dealer from whom he purchased or received the said Scheduled goods, and files a true and complete declaration in the Form and manner prescribed.”

Provided that no tax shall be levied and collected in respect of any motor vehicle which was registered in any other State or Union Territory under the Motor Vehicles Act, 1988 for a period of fifteen months or more before the date on which it is registered in the State under that Act.

[3A. Power of State Government to amend Schedule.–The State Government may, by notification, amend or after the Schedule of this Act or add anything in it.

4.[Utilization of the proceeds of the levy under the Act. (1) The proceeds of the levy under the Act shall be appropriated to the Fund and shall be utilized exclusively for the development of trade, commerce and industry in the State of Bihar which shall include the following:

- (a) construction, development and maintenance of roads and bridges for linking the market and industrial areas to their hinterlands,
- (b) providing finance, aids, grants and subsidies to financial, industrial and commercial units,
- (c) creating infrastructure for supply of electrical energy and water supply to industries, marketing and other commercial complexes.

(d) creation, development and maintenance of other infra-structure for the furtherance of trade, commerce and industry in general.

(2) The State Government shall, by a notification issued in this behalf, specify the manner of deposit of tax under appropriate Heads of Accounts and the manner in which the proceeds of the levy shall be utilized exclusively for the development of trade and commerce in the State of Bihar.”

[4A. Reduction in liability to pay tax under the Bihar Value Added Tax Ordinance, 2005 (Now the Act, 2005)–If any dealer liable to pay tax under the Act by virtue of sale of imported Scheduled goods or sale of goods manufactured out of such imported Scheduled goods incurs any liability to pay tax at the rate specified under section 14 of the Bihar Value Added Tax Ordinance, 2005, his tax liability under the said Ordinance shall stand reduced to the extent of tax paid under the Act.

Provided that in case of a manufacturer the reduction in tax liability as aforesaid shall only be allowed to industrial units of the small scale sector, the medium scale sector and sick industrial units.

Provided that the said reduction in tax shall be available to manufacturer of the imported Schedule goods are used or consumed in the manufacture of goods which are sold within the State of Bihar or in the course of inter-State trade and commerce or in the course of export out of the territory of India. In case only a part of the goods manufactured out of imported Scheduled goods are sold within the State of Bihar or in the course of inter-State trade and commerce or in the course of export out of the territory of India, the claim for reduction in tax liability shall stand proportionately reduced:

Provided further that such reduction from the tax liability shall be admissible only if the dealer specifically mentions in the returns, filled under Section 24 of the Bihar Value Added Tax Ordinance, 2005. the Challan Number, date and the amount by which the payment of Entry Tax in relation to which the reduction has been claimed, has been made.”

5. Registration.–Every dealer in scheduled goods shall get himself registered under the Act in such manner and within such period as may be prescribed.

6. Exemption from tax.–The State Government may by notification and subject to such conditions and restrictions as it may impose exempt from levy of tax any class of dealers, persons or importers.

**7. Offences and Penalties.**–(1) Any person who fraudulently evades payment of any tax payable under this Act or willfully acts in contravention of any of the provisions of this Act or Rules made thereunder shall, in addition to the penalty

Which may be imposed upon him, be punishable with a simple imprisonment for a term which may extend to one year or fine which shall not be less than one thousand rupees but may extend to five thousand rupees or both and when the offence is a continuing one, with a daily fine not exceeding one hundred rupees during the period of the continuance of the offence.

(2) No Court shall take cognizance of any offence punishable under this Act, except with the previous sanction of Commissioner of Commercial Taxes.

(3) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) shall be cognizable and bailable.

(4) Subject to the other provisions of the Act all the provisions of relating to offences and penalties of the Bihar Finance Act, 1981 (Act 5, 1981) relating to assessment, reassessment, collection and enforcement of payment of tax required to be collected shall apply *mutatis mutandis* in relation to any process connected with such assessment, reassessment, collection or enforcement of payment of tax under this Act is if the tax under the Act is payable under this Act.

**8. Applicability of the provisions of the Bihar Finance Act, 1981 (Bihar Act 5, 1981) and rules made thereunder.**—Subject to other provisions of this Act and the Rules framed thereunder the authority empowered to assess, reassess, collect and enforce Payment of tax and penalty payable by a dealer under the Bihar Finance Act, 1981 (Bihar Act 5, 1981) shall assess, reassess, collect and enforce payment of tax and penalty payable under this Act and for this purpose they may exercise all or any of the powers assigned to them under the said Act and Rules made thereunder for the time being enforce including the provisions relating to returns, assessment, reassessment, escaped assessment, recovery of tax, special mode of recovery, maintenance of accounts, inspection, search and seizure liability in representative character, refund, appeal, revision and reviews, statement of cases to the High Court, compounding of offences and other miscellaneous matter and the provisions of the said Act shall *mutatis mutandis* apply accordingly.

**9. Power to make Rules.**—The State Government may by notification in the official gazette and subject to the conditions of previous publication make Rules for carrying out the purpose of this Act:

Provided that if the State Government is satisfied that circumstances exist which render it necessary to take immediate action, it may dispense with previous publication of any rule to be made under this section.

(2) In particular and without prejudice to the generality of the foregoing power, such Rule may be made or provided for all or any of the matters expressly required or allowed by this Act to be prescribed by Rules.

(3) In making any Rules that State Government may direct that for a breach thereof the prescribed authority may in the prescribed manner impose a penalty not exceeding one thousand rupees and when a breach is continuing one a penalty not exceeding rupees twenty-five for every day of default during the continuance of the breach.

(4) Every Rule made under this Act shall be laid as soon as may be after it is made before the houses of the State legislature while it is in session for a total period of fourteen days which may comprise of in one session or in the two consecutive sessions and if before the expiry of the session in which they are so laid of the Session

immediately following both Houses agree in making any modifications in the Rule or resolve that such Rule should not be made. Such rule shall thereafter have effect only in such modified form or be of no effect., as the case may be, so however that such modification or annulment shall be without prejudice to the validity of anything previously done or-omitted to be done under the Act.

**10. Restriction on Registration.**—Notwithstanding anything contained in any other law for the time being in force where the liability to pay tax in respect of a motor vehicle arises under this Act and such motor vehicle is required to be registered in the State under the Motor Vehicles Act, 1988, no Registering Officer shall register any such motor vehicle unless payment of such tax has been made by the persons concerned in respect of such motor vehicle.

**11. Removal of difficulty.**—If any difficulty arises in giving effect to the provisions of the Act the State Government may as occasion may require by an order not inconsistent with the Act or rules made thereunder, do anything which appears to it necessary for the purpose of removing the difficulties.

**12. Repeal and Savings.**—(1) The Bihar tax on Entry of Goods into Local areas for Consumption, Use or Sale Therein Second Ordinance, 1993 (Bihar Ordinance No. 19, 1993) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken in exercise of the powers under the said Ordinance, shall be deemed to have been done or taken in the exercise of the powers conferred by or under this Act as if his Act were in force on the day on which such thing or action was done or taken.

<sup>1</sup>[**13. Validation**—For the purposes of sub-section (c) of Section 2 of the Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993 any transaction by way of import of any scheduled goods into a local area for consumption, use or sale therein from any place outside the territory of India shall be deemed to be, and shall be deemed always to have been, an entry of goods, and notwithstanding any judgment, decree or order of any court, tribunal or authority no imposition of tax on any such transaction shall be deemed to be invalid or ever to have been invalid, and accordingly.—

(a) All the aforesaid taxes levied or collected or purporting to have been levied or collected under the Bihar Tax on entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993 levying tax on every transaction of the aforesaid nature, shall be deemed always to have been validly levied and collected in accordance with the aforesaid Act;

(b) no suit or other proceeding shall be maintained or continued in any Court or before any Tribunal or Authority for the refund of, and no enforcement shall be made by any Court, Tribunal or Authority of any decree or order directing the refund of any such tax which has been collected;

(c) recoveries shall be made in accordance with the provisions of the Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1993 of all amounts which would have been collected there under as tax as aforesaid as if this section were in force when the amount would have been so collected.”