

Frequently asked questions

What is C form?

As per section 8(1) (b) of CST Act 1956 sales tax on interstate sales is 2% or state rate whichever is lower, if the sale is to a registered dealer and goods are covered in the registration certificate of the purchasing dealer. Otherwise the tax applicable is the state rate applicable on the goods sold.

Where from to get the C forms?

The blank C forms are issued by the sales tax authorities to the purchasing dealer who has made interstate purchases on concessional rate of CST. A dealer is entitled to obtain blank C forms from the sales tax authorities. If the registration is wrong, authorities can amend or cancel the same. However, as long as his registration is in force, blank C forms must be issued to him.

How many number of transactions per C form?

One declaration in C form can cover all transactions in one quarter, irrespective of total amount/value of transactions during the quarter. (Quarter means period of three months). If a transaction covers more than one quarter, separate C form is required to be issued for each quarter.

What is Original, Duplicate and Counterfoil copy of C forms?

The C form has been prescribed in three parts Original, Duplicate and Counterfoil. All three parts are identical in contents.

Section 8(4) of and Rule 12(1) do not specify which part of C form should be produced before the assessing authority.

However, if CST rules as amended by states require submission of original copy, then only that copy will have to be submitted.

Therefore, one need to check the relevant CST state rules if any, amended to this effect before furnishing the duplicate copy of C form.

If the buyer sends both the copies of C form marked as Original and Duplicate to seller and if both are lost, then the following procedure should be followed:

If duly completed C form is lost when it was in the custody of purchasing dealer or when the form was in transit to selling dealer, the purchasing dealer will have to furnish Indemnity Bond to sales tax authorities from whom the blank C form was obtained. If the duly completed C form is lost by the seller, then he has to submit indemnity bond to sales tax authorities of his state. The prescribed form of Indemnity bond is in Form G.

If C form is lost (both original and Duplicate copies), the purchasing dealer can issue duplicate declaration in C form with clear declaration in red ink that this is a duplicate declaration being submitted. Details of earlier lost certificate number and of selling dealer has to be given.

It may be noted that there is no provision to submit certified Xerox copy of earlier certificate and Xerox copy is not acceptable.

Is Selling dealer not liable for false declaration by buyer?

The purchasing dealer can issue C form for purchase of only those goods which are mentioned in his registration certificate, for other goods no C form can be issued by the buyer, if the buyer so issues C form for goods not mentioned in his R.C. then it will be misuse of C form and the penalty can be imposed on buyer.

But the selling dealer has only the obligation to satisfy himself that the purchasing dealer is a registered dealer for this he can rely upon the representation made by the buyer in the C form. If the purchaser misapplies the goods, the penalty can be imposed on the buyer, but selling dealer, who has relied upon C form issued to him, cannot be held liable.

Selling dealer is not required to hold an enquiry with regard to purpose for which the materials have been purchased by purchasing dealer. Once he furnishes necessary declaration forms from purchasing dealer, nothing more is required to be done.

Should duly filled C form be issued to seller?

Sometimes, C form is obtained in advance and particulars of invoice etc. are filled in later. This is not legally correct, as section 8(4)(a) uses the words 'to whom goods are sold'. Thus, duly completed C form should be obtained only after sale. Otherwise C form can be rejected.

Can C form be Issue/receipt against goods used in works contract?

Goods used in executing works contract are deemed to be sold and there is sale of material used in the execution of works contract. Hence C form can be issued for materials used in works contract, if the goods are included in the registration certificate of the dealer.

When to submit the C form with the authorities by the seller?

As per rule 12(7) C form can be submitted to the assessing authority within three months after the end of period to which it relates. STO can allow further time for submission of the form, if there is sufficient cause for not submitting the form in time.

Can C form be submitted even at appellate stage if sufficient cause shown?

C forms can be submitted even after the filling of annual statement i.e. at the time of assessment or afterwards and the same can be taken cognizance of since no loss is caused to the revenue by not filling the C forms along with annual statement. C forms generally should be submitted before the first assessing authority. After the assessment, appellate authority can allow submission of C forms if sufficient cause is shown for not submitting the C form before the assessing authority. This is because the appellate authority has powers of reassessment. Appeal in taxation matters is different from power of appellate court in civil matters. The appellate authority is in nature of revising authority. He can revise every process which led to the ultimate computation or assessment.

It is advisable that the dealer should maintain proper record of follow up and efforts made with buyer to obtain C forms to prove that he made all possible attempts to obtain C forms within time. In such case it will help proving the sufficient cause for not submitting the C form within time and appellate authority will accept the C forms at appellate stage if obtained after assessment.

If sufficient cause is shown for late submission of C forms, the assessment can be reopened.