

AMENDMENT TO THE CENTRAL SALES TAX ACT, 1956

Explanation 3 to Section 3

221. In the Central Sales Tax Act, 1956, in section 3, after Explanation 2, the following Explanation shall be inserted, namely:—

“Explanation 3.— Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport or distribution system becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one State to another.”.

Analysis

Explanation 3 has been inserted to consider inter state sale where the gas sold or purchased and transported through a common carrier pipeline or any other common transport or distribution system becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one State to another.”.