

Flash on “Entry Tax in Jharkhand”



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The Government of Jharkhand has re-introduced the Jharkhand Entry Tax on Consumption or Use of Goods Act 2011 (Jharkhand Act No. 11 of 2011) with an intention to create a fund for the purpose of development of trade, infrastructure, commerce and industry of the local areas of the State of Jharkhand.

With effect from 15th July 2011, which is the official date of notification of this Act, goods entering into the State of Jharkhand will be subject to Entry tax. There are about 63 items under the schedule which attract entry tax at a rate which varies from 4% to 15%.

A general threshold limit of ten thousand rupees on each entry of scheduled goods is prescribed, up to which no Entry tax would be payable.

Initially when the Jharkhand was carved out from Bihar in year 2000, the Jharkhand Government adopted The Bihar Tax on Entry of Goods into Local Areas for consumption, use or sale Therein Act, 1993 for levy of Jharkhand Entry tax which was held to be unconstitutional by the Jharkhand High Court in the matter of Central Coal Field vs. State of Jharkhand and ors on 23 Aug 2006((2007) 6 VST 614 Jhrakh).

The constitutional validity of Entry Tax by States in India is still a matter of litigation in many States as it is considered as a violation of the freedom of trade and commerce. The Various High courts of India have delivered conflicting judgments on the matter forcing the Supreme Court to refer the matter to the larger bench. Further the implementation of GST in India could also subsume this matter.

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