



JUDGEMENT

Entry tax must not exceed the sales tax/VAT imposed on local goods, and any excess amount is eligible for a refund.

Issued By:	Madras High Court
In Case Of:	Hindustan Motors Limited
Order No:	WP. No. 1656 of 1996
Order Date:	28 th April 2024

FACTS & OBSERVATIONS

- Petitioners challenge the entry tax levied under The Tamil Nadu Tax on Entry of Motor Vehicles into Local Areas Act, 1990.
- They claim the entry tax on vehicles imported from other states is discriminatory compared to the local sales tax/VAT on goods manufactured within Tamil Nadu.
- The period under dispute is from 01.04.1992 to 31.03.1998, where petitioners seek a refund of excess entry tax paid.
- Vehicles involved in most petitions are cars and heavy vehicles, arguing violation of Articles 301 and 304(a) of the Constitution.

JUDGEMENT

- The learned Additional Advocate General acknowledged that entry tax cannot exceed local sales tax as per previous judgments.
- The court held that charging higher entry tax than the local sales tax is unconstitutional. Petitioners are entitled to apply for a refund of the excess entry tax paid beyond the local sales tax/VAT.
- Authorities are directed to process refund applications within three months of submission by petitioners.

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