TAX INVOICE – SECTION 86

One of distinguishing features of VAT Act is the provision for Tax Invoice. There can be two types of sale invoice; Tax Invoice and other than Tax Invoice; i.e., bills, normal invoice or cash memo etc. The provisions relating to the sale bill are contained in Section 86 read with Rule 77. For individual sale up to Rs. 50, making of invoice is not mandatory.

Tax Invoice

A registered dealer, selling any goods, may issue to the purchaser a 'Tax Invoice' containing following particulars, and retain a copy thereof for three years from the end of the year in which sale took place:-

1. The word Tax Invoice must appear in bold letter at the top or prominent place.
2. Name, address and registration number of selling dealer.
3. Name and address of the purchasing dealer.
4. Serial number and date.
5. Description, quantity and price of the goods sold.
6. The amount of tax charged is to be shown separately.
7. Signed by the selling dealer or a person authorised by him.
8. A declaration u/r. 77(1)

To claim input tax credit, the purchaser must have tax invoice.

The dealer opting for composition scheme, u/s 42(1) or (2) cannot issue Tax Invoice. Instead he shall issue a Bill or Cash Memo in the prescribed manner.

1. Following sums are eligible for set off:

i. Tax paid separately on purchases effected within the State and supported by 'Tax Invoice'.

ii. Entry tax paid under Maharashtra Entry Tax on Goods Act as well as Maharashtra Entry Tax on Motor Vehicles Act.

Unregistered dealers

Since set-off of tax on purchases is given only on purchases from registered dealers where tax is collected separately, your purchases from unregistered dealers, imports, inter-state purchases and purchases from registered dealers without separate tax collection are not entitled to set-off.

Wishes,
Third Eye Advisory Services