

## **Sales Tax on Mobiles, not on SIM Cards: HC**

he state can collect sales tax on mobile phones but cannot collect the same on SIM cards because a phone piece is considered part of goods while a SIM is considered a service. The AP High Court pronounced a judgment to this effect on Thursday holding that imposition of sales tax on services like rechargeable coupons, value added services, SIM cards - pre paid and post paid, are in the nature of telecom services and not goods and thus do not attract sales tax.

The division bench comprising Justice VVS Rao and Justice Ramesh Ranganathan was allowing a batch of nearly 100 petitions filed by various telecom service providers like BSNL, TATA, Airtel, etc.

The bench speaking through Justice Ramesh Ranganathan made it clear that sale of instruments, modems, mobile hand sets, which do not include the service element, are taxable as sale of goods. The bench laid down principles and asked the authorities to look into the issue relating to whether the deposits - refundable and non refundable - are to be taxed based on the principles laid down in the judgment.

The petitioners contended that their business may attract service tax but they cannot be taxed treating the items they sell as goods under the Sales Tax Act.

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