

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND  
ADVANCE RULING**

**ACAAR No.01/2016-2017**  
**Acts cell-II/8918/2016**

Dated:12.06.2018

- Present:**
1. Dr.T.V. Somanathan, I.A.S.,  
Principal Secretary / Commissioner of Commercial Taxes.
  2. Thiru M. Parameswaran,  
Additional Commissioner (ST), (Public Relations)(FAC)
  3. Dr. C. Palani,  
Additional Commissioner (ST), (Revision Petitions)(FAC)

1	Name and address of the Applicant	:	Tvl. Annam Steels, No.244, Thiruvotriyur High Road, Chennai-600 081.
2.	Registration Certificate No.	:	TIN : 33721280823 CST : 88954
3.	Assessment Circle	:	Royapuram Assessment Circle
4.	Date of application	:	04.04.2016
5.	Date of receipt of application	:	05.04.2016
6.	Clarification sought for	:	Rate of tax clarification on the sale of " <b>Condemned Mechanised Ore Handling Plant &amp; Equipments</b> ".
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

**ORDER**

Tvl. Annam Steels, No.244, Thiruvotriyur High Road, Chennai-600 081 (TIN 33721280823), registered dealer in the files of Royapuram Assessment Circle have preferred application in Form 'VV' and sought clarification under Section 48-A (1) of the Tamil Nadu Value Added Tax Act,2006 (TNVAT Act,2006), read with Rule

12-A of the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules,2007).

2. The applicant-dealer have sought for clarification on the rate of tax for the "**Condemned Mechanised Ore Handling Plant & Equipments**".

3. The issue has been examined in detail with reference to the provisions of the TNVAT Act, 2006 and TNVAT Rules, 2007 and the related entries in all the Schedules to the TNVAT Act 2006. Section 48-A of the TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.1. Perusal of the application filed in Form VV along with other documents revealed that in order to take the goods in auction from Chennai Port Trust, the applicant-dealer have requested for the applicable rate of tax and they have filed full details of Disposal Auction Catalogue with description of the goods along with quantity. The commodities included DEMAG make Rail mounted Stackers, Rail Mounted Bucket Wheel, Rail Mounted Ship Loaders, MAMC make Receiving conveyors and Shipping Conveyors, Sprinkler system and Dust Control System with its structures.

4.2. During the same period i.e., in the month of April 2016, the Auctioneer Tvl. Chennai Port Trust, registered dealer of Harbour Assessment Circle filed an application before the Authority for Clarification and Advance Ruling under Section 48-A of the TNVAT Act 2006 and requested clarification on the rate of tax for Dismantling and disposal of Mechanized Ore Handling Plant and Equipment consisting of 7 items in one Lot to be cut and removed as scrap in "as is where is" condition.

4.3. Thus, it is clear that the applicant-dealer sought clarification on the above equipment consisting of 7 items in one Lot to be cut and removed as Scrap in "as is where is" condition from Chennai Port Trust.

4.4. The Authority for Clarification and Advance Ruling considered the application filed by Tvl. Chennai Port Trust and clarified in ACAAR No. 05/2016-17 dated 28.06.2016 in Acts Cell-II/10267/2016 that Dismantling and Disposal of Mechanised Ore Handling Plant and Equipment's consisting of 7 items in one LOT are to be cut and removed as scrap in "as is where is" condition is liable



to tax at 14.5% as a residuary item falling under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006.

4.5. Thus, the applicant-dealer during auction had to clear the goods from Chennai Port Trust premises by paying tax at 14.5%. The disposal of the above goods in the hands of the applicant-dealer was not clearly mentioned in the application. Since the commodity for which the clarification sought is a Plant and Equipment, the applicable rate of tax at the time of disposal in the hands of the applicant dealer is also 14.5% under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006. If the above Plant and Machinery Equipment is dismantled and sold as Scrap, the same is taxable at the rate of tax based on the nature of the commodity. Since the commodity mentioned in the Auction Disposal Catalogue are of Iron and Steel (Ferrous) Scraps and Non-Ferrous Metal category, scraps obtained from dismantling of such machinery/Equipment, the applicable rate of tax is 5% as per Entry 122 of Part-B of the First Schedule to the TNVAT Act, 2006 that specifies "Scrapes and Wastes" under various categories listed therein.

5. In view of the above, it is clarified that

- (i) **Mechanized Ore Handling Plant and Equipment** consisting of 7 items in one Lot to be cut and removed as scrap in "as is where is" condition is taxable @ 14.5% as a residuary item falling under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006.
- (ii) **Mechanized Ore Handling Plant and Equipment** consisting of 7 items being Iron and Steel (Ferrous) Scraps and Non-Ferrous Metal category, scraps if sold after dismantling of such machinery/equipment, the applicable rate of tax is 5% as per Entry 122 of Part-B of the First Schedule to the TNVAT Act, 2006.

Dated this the Twelfth day of June 2018.

Sd/- M. Parameswaran,  
Additional Commissioner (PR)(FAC)

Sd/- C. Palani,  
Additional Commissioner (RP) (FAC)

Sd/- Dr. T.V. Somanathan,  
Commissioner of Commercial Taxes

To

Tvl. Annam Steels,  
No.244, Thiruvotriyur High Road,  
Chennai-600 081.

Copy to:

The Assistant Commissioner (ST),  
Royapuram Assessment Circle.

The Joint Commissioner (ST),  
Chennai (North) Division.

The Joint Commissioner (CS)

**To host in the Department Website**

The Principal Secretary to Government, Commercial Taxes &  
Registration Department, Chennai – 9.

All Joint Commissioners (ST) including Enforcement, LTU, MOU and  
ISIC.

All Deputy Commissioners (ST), Territorial, Assessment and  
Enforcement

All Head of Offices (Assessment)

The State Representative, Sales Tax Appellate Tribunal, Chennai- 104.

The Addl. State Representative, (AB) Chennai, Madurai and  
Coimbatore.

The Director, CTSTI, Greams Road, Chennai – 6.

The Executive Officer, Traders Welfare Board, Chennai – 5.


The Accountant General (Audit)-II, No.44, Greams Road, Chennai – 6.

The Additional Commissioners, Deputy Commissioners, Assistant  
Commissioners, Commercial Tax Officers in CCT's Office.

Personal Clerk to the CCT.

Stock File 3/ Acts Cell-II /Spare – 5.

//Forwarded/ By Order//

  
State Tax Officer