

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.11/2016-2017
Acts cell-II/11764/2016

Dated: 08.06.2018

- 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. P.N.R. Fibres, Padamudipalayam, Velur Post 638 182. P.Velur Tk, Namakkal Dist.
2.	Registration Certificate No.	:	TIN : 33663101740 CST : 677542
3.	Assessment Circle	:	Namakkal (Rural) Assessment Circle.
4.	Date of application	:	02.05.2016
5.	Date of receipt of application	:	09.05.2016.
6.	Clarification sought for	:	Rate of tax on "Cotton Rag Pulp Board"
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

ORDER

Tvl. P.N.R. Fibres, Padamudipalayam, Velur Post-638 182, P.Velur Tk, Namakkal Dist (TIN 33663101740), registered dealer in the files of Namakkal (Rural) 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).

2.1. The applicant-dealer have sought for clarification on the rate of tax for **"Cotton Rag Pulp Board"**.

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2.2. The applicant-dealers have stated that they are procuring cotton cutting waste (பனியன் கழிவுத் துணி) from Tiruppur and crushing the same in the machinery for the purpose of manufacturing of wet Cotton Rag Pulp Board. After drying, the same is sold to the Asbestos manufacturing dealers, who are using it as a main raw material for manufacturing their products. They have also stated that Asbestos manufacturers use Cotton Rag Pulp Board as a raw material instead of Wood Pulp. They have enclosed test report and sample of board for perusal.

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. The commodity Cotton Rag Pulp Board or sheet are raw materials used in Asbestos and Insulation boards and other products where it is felt there is a need for the presence of cotton fibers. **Cotton Rag Pulp** is made out by mechanical pulping of **cotton rags**. These CRP sheets are manufactured out of waste cotton rags.

4.2. As per entry 109 of Part-B of the First Schedule to the TNVAT Act 2006, Pulp made of Bamboo, Wood, Bagasse and Paper are taxable at 5%. The entry reads as under: "Pulp of Bamboo, Wood, Bagasse and Paper". From the above, it is clear that only pulp made out of Bamboo, Wood, Bagasse and Paper alone covered under the entry taxable at 5% and any other Pulp made out of other goods as specified above cannot be fitted against this entry. Hence, this has to be classified as any other goods not specified in any of the Schedules to the TNVAT Act, 2006 and therefore, falls under residual entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006, taxable @ 14.5%. However, as these goods are used in Asbestos Industry, the rate of tax applicable is 5% when it is sold as Industrial Inputs to manufacturers inside the State of Tamil Nadu under entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006. But the same concessional rate is not applicable when it is sold to manufacturers located outside the State of Tamil Nadu.

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

- (i) the commodity "**Cotton Rag Pulp Board**" is taxable @ 14.5% as a residual item (Any goods not specified in any of the Schedules) as per entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006

and

(ii) the commodity "**Cotton Rag Pulp Board**" is taxable @ 5% when it is sold as Industrial Inputs to manufacturers inside the State of Tamil Nadu under entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, subject to the production of certificate as mentioned in Rule 6 (3) (b) of the TNVAT Rules, 2007.

Dated this the Eighth day of June 2018.

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

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

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

To

Tvl. P.N.R. Fibres,
Padamudipalayam,
Velur Post 638 182.
P.Velur Tk, Namakkal Dist.

Copy to:
The Assistant Commissioner (ST),
Namakkal (Rural) Assessment Circle.

The Joint Commissioner (ST),
Salem 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//

[Handwritten Signature]
State Tax Officer
[Handwritten Date]
12-6-18