

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.12/2016-17**  
**Acts cell-II/2685/2017**

Dated: 23.01.2018

**Present:** 1.Dr.C.Chandramouli, I.A.S.,  
Additional Chief Secretary / Commissioner of State Tax.  
2.Thiru.M. Parameswaran,  
Additional Commissioner (CT), (Public Relations)(FAC)  
3.Thiru.C. Palani,  
Additional Commissioner (CT), (Revision Petitions)(FAC)

**REVIEW ORDER**

**Ref:** 1. Proceedings of the Authority for Clarification and Advance Ruling ACAAR No.12/2016-17 (Acts Cell II/12508/2016) dated 30.12.2016.  
2. Amendment Application from Tvl. Periyar Polymers Pvt Ltd, Pollachi – 642 103 dated 25.01.2017

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Tvl. Periyar Polymers Pvt Ltd, 4/218-1, Meenkarai Road, Divansapudur, Pollachi – 642 103 (TIN. No. 33616370997), registered dealers in the files of Pollachi Rural Assessment Circle have preferred amendment application on the orders passed by this authority under Section 48-A (4) of the Tamil Nadu Value Added Tax Act, 2006 (TNVAT Act, 2006) in the proceedings 1<sup>st</sup> cited.

2. On application by the same applicant dealers, it was clarified in the proceedings vide reference 1<sup>st</sup> cited as follows

(i) Rubberised Coir products viz., **“Rubberised Coir Bare Sheets” and “Walled Rubberised Coir Bare Sheets”** sold by the applicant-dealers are liable to VAT at **14.5% as residuary item falling under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006.**

(ii) However, **Rubberised Coir products viz., "Rubberised Coir Bare Sheets" and "Walled Rubberised Coir Bare Sheets"** sold as **Industrial Input** as prescribed in **Entry 67 of Part-B of First Schedule to TNVAT Act**, subject to the condition prescribed in **Rule 6(3)(b) of TNVAT Rules, 2007 are liable at 5%** under the above Entry.

3.1. The applicant-dealers have requested to amend the above clarification and to classify the **"Rubberised Coir Bare Sheets" and "Walled Rubberised Coir Bare Sheets"** as goods falling under Entry 31 of Part B of First Schedule to the TNVAT Act, 2006 namely "Coir products excluding mattresses" and not under Entry 69 of Part C of First Schedule to the TNVAT Act, 2006.

3.2. The applicant-dealers seeking to amend the clarification already issued relied on the following grounds:

(1) The Hon'ble Madras High Court as per the judgement reported in [1998] 108 STC 484 (MAD), in case of Duroflex coir Industries Pvt Ltd; - Vs - State of Tamil Nadu it was held that, "No distinction between the products that were made by covering the block of rubberised coir with some other materials in which rubber is predominant element though coir is also use in that product and "rubberised coir"

(2) The Hon'ble Madras High Court as per the judgement reported in [1998] 109 STC 293 (MAD), in case of State of Tamilnadu Vs Bharath Motors, also held that, "Rubberised Coir products is essentially a Coir Product and latex, which forms only a small portion is added to give the necessary shape" and dismissed the plea of the petitioner to consider "Rubberised Coir products" not as coir product.

(3) The Hon'ble Commissioner of Commercial Taxes vide Clarification No. ACAAR 61/2012-13 dated 26/10/2012 on the application of Tvl. Coco Tufters Pvt Ltd has held that 'PVC Backed Coir Mats' even though consisting of PVC resin, DOP and Calcium carbonate powder, falls under the classification of 'Coir products excluding Mattresses' and falls under Entry 31 of Part B of the First Schedule to the TNVAT Act, 2006.

(4) The petitioner also stated on the Clarifications issued by the Hon;ble Commissioner of Commercial taxes vide Clarification in Lr.No. VATCELL/7743/2007 dated 23/10/2008 and another clarification issued vide VAT Cell No.43284/2007 (VCC No.1157) dated 29.08.2007.

4.1. The above contentions of the applicant-dealers are discussed as follows:

It is seen from the clarification issued vide reference 1<sup>st</sup> cited, at Page 3, the Committee decided the goods dealt by the petitioner is taxable at 14.5% on the ground that those goods are not pure coir products so as to bring them under Entry 31 of Part B taxable at 5%. Furthermore, the goods dealt by the petitioner are recognized in the market as "Rubberised Coir Products" and not as "Coir Products"

4.2. Moreover, with regard to various grounds relied by the petitioner, the following points substantiate the decision taken by the committee:

(1) The decision relied by the petitioner i.e., Duroflex Coir Industries (P) Ltd Vs State of Tamil Nadu is not applicable as the issue dealt therein was whether Rubberised Coir Mattresses and pillows made out of Rubberised Coir fall under the product defined under Notification in G.O.P. No. 3030 dated 26.03.1981.

(2) The decision relied by the petitioner i.e., Bharat Motors (109 STC 293), is about whether the turnover of Rs, 8,24,855/- of the dealer Tvl. Bharat Motors taxable at 4% pertains to the sale of Coir or Rubberises Coir and not dealt about Rubberised Coir Bare Sheets and Walled Rubberised Coir Bare Sheets.

(3) The clarification No. ACAAR 61/2012-13 dated 26/10/2012 relating to Tvl. Coco Tufters Private Limited, relied by the petitioner pertains to PVC backed Coir mats. This was clarified as "Coir products excluding mattresses", for the reason that PVC resin, DOP and Calcium Carbonate, the final goods produced, are falling under Entry 31 of Part-B of First Schedule. The goods claimed here is 'mat' and not 'mattresses'.

4.3. It is further noticed that, the commodity "Rubberised Coir Bare Sheets" and "Walled Rubberised Coir Bare Sheets" are not sold as such and are used as an input for packaging, insulation, etc., In order to accommodate this, in the clarification already issued it has been held specifically that these goods are used as an industrial input taxable at 5%.

5. In view of the above discussion, the request of the petitioner to re-classify the goods "**Rubberised Coir Bare Sheets**" and "**Walled Rubberised Coir Bare Sheets**" as those falling under Entry 31 of Part B of First Schedule to the TNVAT Act, 2006, does not deserve any

consideration. Consequently, the clarification already issued vide proceedings in ACAAR No.12/2016-17 (Acts Cell II/12508/2016) dated 30.12.2016 is reiterated and the application seeking amendment is rejected.

Dated this the Twenty third day of January 2018.

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

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

Sd/- Dr.C. Chandramouli,  
Additional Chief Secretary/  
Commissioner of Commercial Taxes

To  
Tvl.Periyar Polymers Pvt Ltd,  
4/218-1, Meenkarai Road,  
Divansapudur,  
Pollachi - 642 103

Copy to:  
The Assistant Commissioner (CT)  
Pollachi Rural Assessment Circle

The Joint Commissioner (CT),  
Coimbatore Division.

The Joint Commissioner (CS)

**To host in the Department Website**

The Additional Chief Secretary to Government, Commercial Taxes & Registration Department, Chennai - 9.

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

All Deputy Commissioners (CT), 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 Chief 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 ACS/CST.

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

//Forwarded/by Order//

  
State Tax Officer 25/1/2018