

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.16/2016-2017**  
**Acts cell-II/13170/2016**

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. V.S.Enterprises,<br>No.555-9A, Bathalapalli,<br>Opp: Hudco Police Station,<br>Krishnagiri Bye-pass Road,<br>Hosur-635 109. |
| 2. | Registration Certificate No.      | : | TIN : 33143367903<br>CST : 1156996  |
| 3. | Assessment Circle                 | : | Hosur(South) Assessment Circle  |
| 4. | Date of application               | : | 18.05.2016  |
| 5. | Date of receipt of application    | : | 24.05.2016  |
| 6. | Clarification sought for          | : | Rate of tax clarification on the sale of " <b>Liquefied Petroleum Gas</b> ".  |
| 7. | Date of Personal Hearing          | : | --  |
| 8. | Represented by                    | : | --  |

**ORDER**

Tvl. V.S.Enterprises, No.555-9A, Bathalapalli, Opp: Hudco Police Station, Krishnagiri Bye-pass Road, Hosur -635 109 (TIN 33143367903), registered dealers in the files of Hosur (South) 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 "**Liquefied Petroleum Gas (LPG)**". The applicant-dealer has also requested to furnish maximum information for all the sectors of Liquefied Petroleum Gas upto date.

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. In entry 67-A(p) of Part-B of the First Schedule to the TNVAT Act, 2006, there is a commodity of description "Gases of all kinds other than Liquefied Petroleum Gas", In the expression "other than" employed therein has excluded the Liquefied Petroleum Gas for any purpose from being taxable at 5%. The "Liquefied Petroleum Gas for Domestic Purpose" has been included among the declared goods as per newly inserted clause (va) under Section 14 of the Central Sales Tax Act, 1956 with effect from 18.04.2006 vide Section 71 of the Finance Act, 2006 (Act No.21 of 2006) and therefore made liable to tax @5% under Entry 41 of Part-B of the First Schedule to the TNVAT Act, 2006. The Liquefied Petroleum Gas for Commercial or Industrial purpose for use as auto-fuel is being left out from being classified under any of the Schedules to the TNVAT Act, 2006. Since the Commercial or Industrial or Auto LPG is excluded as aforesaid being taxable at 5% and not specifically classified under any of the Schedules to the TNVAT Act, 2006, Commercial or Industrial or Auto LPG bears every quality to be classified as unclassified item of commodity under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006 and therefore liable to tax @ 14.5%.

5.1. Entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006 reads as follows:

*"Industrial Inputs, that is to say, any goods falling under Part C of this Schedule, including consumables, packing materials and labels but excluding plant and machinery, ethyl alcohol, absolute alcohol, methyl alcohol, rectified spirit, neutral spirit and cement, for use in manufacture and for use in assembling, packing or labelling in connection with such manufacture, inside the State, of goods other than those falling under the Second Schedule"*

5.2. As provided under Entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, the LPG for commercial or industrial purpose when sold to manufacturers or Industries for use as fuel (consumable) would attract the tax @ 5% against the certificate issued by the registered dealer who purchase the Liquefied Petroleum Gas for the purpose of using in the manufacture of other goods as prescribed under Rule 6(3) (b) of the TNVAT Rules, 2007."

5.3. With regard to second and subsequent sales of Liquefied Petroleum Gas for domestic use to the consumer, as per G.O.Ms.No.10, Commercial Taxes and Registration (B1) Department, dated 01.01.2007-Notification No. II/CTR(a-12)/2007 effective from 01.01.2007, there is an exemption in respect of tax payable on the second and subsequent sales of Liquefied Petroleum Gas for domestic use to the consumers by any distributor other than by Oil Companies as defined in Explanation II and III to the Second Schedule to the TNVAT Act,2006.

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

- (i) Sale of "Liquefied Petroleum Gas for domestic use" is exempted from tax in respect of purchases effected only through an Oil company as defined in Explanation -II and III to the Second Schedule to the TNVAT Act,2006



- (ii) The **Commercial or Industrial Liquefied Petroleum Gas** is generally taxable at 14.5% as being the unclassified commodity under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006 when sold to traders or other dealers.
- (iii) The **Commercial or Industrial Liquefied Petroleum Gas** is taxable at 5% under Entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, on sale as industrial inputs to manufacturers or industries within the State of Tamil Nadu against the Certificate issued by the buying dealer as prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007.

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. V.S.Enterprises,  
No.555-9A, Bathalapalli,  
Opp: Hudco Police Station,  
Krishnagiri Bye-pass Road,  
Hosur-635 109.

Copy to:  
The Assistant Commissioner (ST),  
Hosur (South) 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//

  
State Tax Officer