

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.30/2016-2017
Acts cell-II/17475/2016

Dated: 15.06.2018

- 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. Mass Technology, No.4-1, Vasantham, Kasthuriswamy Layout, Lakshmipuram, Peelamedu, Coimbatore - 641 004.
2.	Registration Certificate No.	:	TIN : 33076371827 CST : 33076371827
3.	Assessment Circle	:	Peelamedu (South) Assessment Circle
4.	Date of application	:	29.06.2016
5.	Date of receipt of application	:	04.07.2016
6.	Clarification sought for	:	Rate of tax on " Networking Data Storage Rack "
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

ORDER

Tvl. Mass Technology, No.4-1, Vasantham, Kasthuriswamy Layout, Lakshmipuram, Peelamedu, Coimbatore - 641 004 (TIN 33076371827), registered dealers in the files of Peelamedu (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).

2.1. The applicant-dealer have sought for clarification on the rate of tax for **"Networking Data Storage Rack"**.

2.2. The applicant-dealer have stated that the product is manufactured mainly with steel sheets, fabricated into different outsizes, further divided into number of dividing chamber units inside with different depths, powder coated and were specifically designed and manufactured in which only complex of networking switches, telecommunications and path panels including servers can be integrated. They further stated that trays and racks sold by the applicant-dealer carry the inbuilt mechanism for insertion of the cables, wires, power/thermal management services. The racks were made as per the international standards "IEC 297 (international Economics Commission) (19") and DIN 41494 (Deanedshe Industry norms) and they are tailor made and suited only for various computer systems. The product shall be used as a component part of computer networking systems as per their requirements. In support of their claim, they have enclosed Brochure copy.

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 brochure filed by the applicant-dealer revealed that racks are all different types i.e., Wall mounting Rack, Eco Rack and Heavy Rack. All these are classified as Net Working Data Storage Rack. Networking Cabinets are generally used for the storage of routers, patch panels, switches and wide variety of networking equipment as well as networking accessories like Power Management, Cable Management, Thermal Management and Mounting Management. As pointed out by the applicant-dealer, these cabinets are tailor made to suit the needs of the customer and they are designed according to the requirements placed by the buyers. It is also not in doubt that Wall mount racks, Floor standing racks, Equipment trays, Stationery Trays, Sliding Trays, Blank Panels etc., are of no use except for housing of the computer peripherals. The applicant-dealer claims that these goods are forming parts and accessories of computer and its peripherals and taxable at 5% as per sub-entry 22 of Entry 68 of Part-B of the First Schedule to the TNVAT Act, 2006 under the caption of Information Technology Products. It is not in doubt that these racks are manufactured independently and are not part and parcel of the computers as the skill involved in both the cases are different and they are neither essential to the functioning of the computers nor add any additional functionality to the computers. Definitely, the goods dealt by the applicant-dealer is not a part of the computers, but it cannot be ruled out that they are not an accessory to the Computer System maintained at a larger level. The complex networking in the functioning of series of computers are ensured only

through these racks that has an inbuilt mechanism for insertion of cables, wires, power/thermal management devices. These are integrally connected in such a way that the entire functioning is smooth and safe.

4.2. Sub-entry 22 and 24 of Entry 68 of Part-B of the First Schedule to the TNVAT Act, 2006 reads as follows:-

Computer Systems and Peripherals, Electronic Devices

(a) Computer Systems, Peripherals and Parts.

(b) Electronic Diaries.

And

Parts and Accessories of the above mentioned goods.

From the above, it is made clear that the goods dealt by the applicant dealer do not fall under the category of Peripherals and it covers goods like modem, key board, monitor, mouse, CPU, Floppies, Cartridge Tape drives, CD ROM drives, DAT drives, hard disk, printers, scanners, multi-media kits, etc., The commodity dealt by the applicant are also not part of the Computer Systems as they are not essential in functioning of the Computers. The goods like trays and racks sold by the applicant-dealer are tailor made (except in certain circumstances) to suit the various computer systems and they were designed with an inbuilt mechanism for insertion of cables, wires, power/thermal management devices and admittedly, these racks cannot be used for any other purpose except for insertion of the computers and other related devices. The products of the applicant are designed to facilitate effective space, power cable and thermal management within the Rack. All these goods essentially confirm better usage of computer components and hence clearly fall under the definition of Accessories of the Computer Systems. Accordingly, the goods dealt by the applicant dealer can be termed as Accessories as defined in sub-entry 24 of Entry 68 of Part-B of the First Schedule to the TNVAT Act, 2006.

5. In view of the above, it is clarified that "**Networking Data Storage Rack**" squarely falls under the category of Accessories of the Computer Systems and therefore taxable @ 5% as per sub-entry 24 of Entry 68 of Part-B of the First Schedule to the TNVAT Act, 2006.

Dated this the fifteenth 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. Mass Technology,
No.4-1, Vasantham,
Kasthuriswamy Layout, Lakshnipuram, Peelamedu,
Coimbatore - 641 004.

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

The Joint Commissioner (ST),
Coimbatore 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
18/6/18