

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

ACARR NO.003/2014-15
(Acts Cell -II/11045/2014)

Dated 08.09.2014

- Present:**
1. Thiru. K.Rajaraman, I.A.S.,
Principal Secretary & Commissioner of Commercial Taxes.
 2. Thiru. R.Vayanaperumal,
Additional Commissioner (CT), (Public Relations)
 3. Thiru. K.Mahalingam,
Additional Commissioner (CT), (Revision Petitions)

1.	Name and address of the Applicant	:	M/s. D.P.K. Textile Mills, 9, Weavers Colony-3. Tiruchengode.
2.	Registration Certificate No.	:	TIN:33163181458 / CST.415413
3.	Date of application	:	02.04.2014
4.	Date of receipt of application	:	02.04.2014
5.	Clarification sought for	:	Rate of Tax on "Softening Cake Grade-I"
6.	Date of Personal Hearing	:	13.08.2014
7.	Represented by	:	Thiru. DPK. Kasilingam, Proprietor

ORDER

M/s. D.P.K. Textile Mills, 9, Weavers Colony-3.Tiruchengode. (TIN: 33163181458 / CST.415413) is the register dealers in the file of Assistant Commissioner (CT) Tiruchengode Town Assessment Circle, manufacturing and trading "Softening Cake Grade-I" have preferred application in Form "VV" and sought for clarification under section 48-A (1) of the TNVAT Act 2006, read with rule 12(A) of TNVAT Rules 2007.

2. The Applicant dealer sought for clarification on the following:-

Rate of tax on "**Softening Cake Grade-I**"

The applicant dealer in Form VV has stated that he is the sole proprietor of M/s. DPK Textiles Mills-TIN No.33163181458 and CST No.415413. The concern is engaged in manufacture of "Softening Cake-Grade-I". The following raw materials are purchased for manufacturing of this Softening Cake-Grade-I.

The Raw materials are

1. Polyvinyl Alcohol
2. Copper Sulphate
3. Paraffin Wax
4. Coconut Oil-(for non-edible purpose)

The softening cake so manufactured is used in Textile process, for softening the thread. This cake contains only chemicals as mentioned herein above; hence the Commodity Code applicable to this product is -2001, for which Rate of Tax is 5%; whereas, now the Commercial Tax Officer says that the cake cannot be classified under Commodity code 2001; instead, it has to be classified under general category, for which Rate of Tax applicable 14.5%; therefore he filed application before the Authority for Clarification/Advance Ruling i.e., under Rule 12-A of TNVAT Act. To support his claim i.e., Commodity Code No.2001, he has enclosed technical analysis report of softening cake i.e., softening cake Grade-I, obtained from Department of Chemical Engineering A.C Tech Campus, Anna University, Chennai-600 025, dated 08.03.2014. Finally he has requested the AARC to provide personal hearing before giving clarification.

In this office reference in Acts Cell-II/11045/2014 dated 02.04.2014 in ACAAR 03/2014-15 a personal hearing notice was sent to the dealer applicant with request to appear for personal hearing along with required details before the Authority for Advance Ruling and Clarification on 13.08.2014 at 4.00PM at the office of the Principal Secretary/Commissioner of Commercial Taxes, Chepauk, 2nd Floor to put forth their case.

Accordingly the proprietor appeared before this forum and produced sample pocket for examination by the authority.

The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 as well as relevant entries under Part B of First Schedule to the TNVAT Act 2006. The softening cake manufactured out of Polyvinyl Alcohol, Copper

Sulphate, Paraffin Wax and Coconut Oil-(for non-edible purpose) is used in Textile process, for softening the thread. It is used as Industrial Input in Textile Industry. Therefore Softening Cake Grade I is liable to tax at 5% as Industrial Input.

It is clarified that "Softening Cake" is taxable at 5% as industrial inputs subject to production of Certificate under Rule 6(3)(b) of the TNVAT Rules 2007

Dated this the 8th Day of September, 2014.

Sd/- R. Vayanaperumal,
Additional Commissioner (PR)

Sd/- K. Mahalingam,
Additional Commissioner (RP)

Sd/- K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To
M/s. D.P.K. Textile Mills,
9, Weavers Colony-3.
Tiruchengode.

Copy to:
The Assistant Commissioner (CT)
Tiruchengode Assessment Circle

The Joint Commissioner (CT),
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 (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 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 File3 / Acts Cell-II / Spare - 5.

//Forwarded/By order//


Additional Commissioner (PR)