

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

**ACAAR No.006/2014-15**  
**Acts cell – II/11545/2014**

Dated 09.09.2014

- 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	:	Tvl. Jaibalaji Control Gears Pvt. Ltd., No.107 (Old No.89), SIDCO Industrial Estate, Ambattur, Chennai-600 098.
2.	Registration Certificate No.	:	TIN: 33581442987 / CST:897505
3.	Date of application	:	07.04.2014
4.	Date of receipt of application	:	07.04.2014
5.	Clarification sought for	:	Rate of Tax for "CAM Operated Rotary Switches and Limit Switches" on sale to Indian Railways in the State and located in other States.
6.	Date of Personal Hearing	:	28.05.2014
7.	Represented by	:	Thiru. D.Chandramohan, Managing Director.

**ORDER**

Tvl. Jaibalaji Control Gears Pvt. Ltd., at No.107 (Old No.89), SIDCO Industrial Estate, Ambattur, Chennai-98 (TIN: 33581442987), the registered dealers in the files of Korattur Assessment Circle, Chennai and manufacturers of CAM operated Rotary Switches and Limit Switches, have preferred application in Form 'VV' and sought clarification under Section 48-A (1) of the TNVAT Act, 2006, read with Rule 12-A of TNVAT Rules, 2007.

2. The applicant-dealers have sought for clarification on the following:

**Rate of tax for "CAM operated Rotary Switches and Limit Switches" on intrastate and interstate sale to Railways.**

3.1 The applicant-dealers have stated that they are manufacturers of CAM operated Rotary Switches and Limit Switches and supply the same to Indian Railways for use in their Wagons and coaches and such supply is effected in the State to Integral Coach Factory, Chennai and in the course of interstate trade or commerce to South-Central Railway, and Northern Railway located outside the State. The applicant-dealers have claimed that CAM operated Rotary Switches and Limit Switches, since being used by railways in their wagons and coaches, are liable to be classified as parts of Railway wagons and coaches under Entry 112 of Part-B of First Schedule to the TNVAT Act, 2006 and taxable therefore at the rate of 5 %.

3.2. The applicant-dealers have furnished along with their application the brochure of the CAM operated Rotary Switches and Limit Switches, which reveals the structural and functional features of such switches. The applicant-dealers have also furnished the copy of the purchase order of Integral Coach Factory, specifying the structural specifications of the switches and the agreed price per unit and the VAT Chargeable as at the rate of 5 %. Similarly, the copy of the purchase order for supply of the Rotary Switches received from South-Central Railway, revealing the structural specifications and number of the switches to be supplied as well as the CST which shall be charged at the rate of 5 %. The applicant-dealers have therefore preferred this application under section 48-A of the Act, praying that the CAM operated Rotary Switches and Limit Switches may accordingly clarified as liable to tax at the rate of 5 % under the said Entry 112 of Part-B in First Schedule to the Act.

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007, the relative entries under Parts A and B of First and Fourth Schedules to the TNVAT Act, 2006 and section 8 of the CST Act, 1956.

4.2. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.3. The applicant-dealers have sought for clarification regarding rate of tax on

**"CAM operated Rotary Switches and Limit switches on intrastate and interstate sale to Railways"**

5.1. The applicant dealers are manufacturers of "CAM operated Rotary Switches and Limit switches" and supply the same to their customers including Indian Railways. Since these switches are supplied by the applicant dealers to Indian Railways, it is claimed by them as classifiable as parts of Railway Coaches, Wagons and Engines under Entry in Serial No.112 of Part-B of First Schedule to the TNVAT Act, 2006. The brochure furnished by the applicant in respect of CAM operated Rotary switches, reveals that the said switches are designed for on load switching and assembled on add-n-block system and **are used for various application**, suitable for various circuits of multi-pole and multi positions. These switches are made available up to 12 positions with 30°, 45°, 60° and 90° switching angles. These switches are units of contact blocks assembled on add-on block system supported by a hexagonal centre soft, insulated with high quality insulation materials to withstand the mechanical and electrical stress. Switches are provided with two independent sets of double break type contacts with silver tips and with steel springs for perfect making and breaking. These switches are Low Voltage switch gear and control gears, produced in compliance with the technical specifications prescribed by Bureau of Indian Standards (BIS), IS 13947/Part 5-Section 1 of 2004 and IEC 947-5-1.

5.2. A limit switch is an electromechanical device that consists of an actuator mechanically linked to a set of contacts. When an object comes into contact with the actuator, the device operates the contacts to make or break an electrical connection. Standardized limit switches are industrial control components manufactured with a variety of operator types, including lever, roller plunger, and whisker type. Limit switches may be directly mechanically operated by the motion of the operating lever. The limit switches produced by the applicant-dealers are of standard switches for wide range of applications. These limit switches are claimed to be produced in compliance with the technical specifications prescribed by Bureau of Indian Standards (BIS), IS 13947/Part 5-Section 1 of 2004 and IEC 947-5-1.

5.3. The Cam operated Rotary Switches and the Limit Switches produced by the applicant-dealers are in compliance with the general BIS Specifications. As per the technical literature, both the kinds of switches are electro-mechanical devices, especially applicable in industrial control wherever movement of machines is involved. Moreover, the copies of the purchase orders furnished along with the application as received by the applicant-dealers from the Railways of other regions have revealed only the BIS specifications for Cam operated Rotary Switches and the Limit Switches on the basis of which the same switches are to be manufactured and supplied. to Railways. Though, both the aforesaid switches are manufactured in compliance with the BIS specification and are of

general industrial applications for control mechanism, they are manufactured and supplied to the Railways as per their purchase order specifying the BIS Specification for the purpose of use in control mechanism adopted in Railway Coaches or Wagons or Engines. As these switches are specifically manufactured for use in Railway Coaches, Wagons or Engines, both Rotary and Limit switches are to be treated as parts of Railway Coaches, Wagons, Bogies or Engines.

6.1. The Entry No. 112 of Part-B of First Schedule to the Act, reads as given below:

**"Railway wagons, engines, coaches and parts thereof."**

It is pertinent to mention that it had been clarified by the Commissioner of Commercial Taxes, in *Lr. No. VAT Cell/58399/2007 (VCC No.1463) dated 25.01.2008* that the *"Railway Wagons, Engine, and coaches and parts thereof"*, to Indian Railways inside and outside the State are liable to tax at 4 % vide Entry 112 under the Part-B of the First Schedule. The Railway wagons, coaches, engines and parts thereof are liable to VAT @ 5 % under the same Entry 112 of Part-B of First Schedule with effect from 12.07.2011 and onwards. Besides, the Authority for Advance Ruling in respect of "Gaskets used as parts of Rail Engines" had clarified in *ACAAR No.58/2013-14 dated 06.12.2013* as extracted below:

*"Gaskets as parts in rail engines" are taxable at 5 % under Entry 112 of Part-B of First Schedule to the TNVAT Act. Gaskets used in Railway Engines as specified under Entry 112 of Part-B of First Schedule, if sold outside the State are taxable at 5 % if not covered by 'C' Form. However, gaskets having use other than in railway engines are taxable at 14.5 % under appropriate Entry under Part-C of First Schedule to the TNVAT Act, 2006.*

6.2. On similar lines, the CAM operated Rotary Switches and Limit Switches manufactured and supplied to the Railways as per their specifications given in their purchase orders for use in Railway Wagons or Coaches or Engines are nothing but the parts of Railway Wagons or Coaches or Engines and attract VAT at the rate of 5 % as provided under Entry 112 of Part-B of First Schedule to the TNVAT Act as aforesaid. The interstate sale of such switches to Railways located in other States also attract the tax @ 5 % as provided under section 8(2) of the CST Act, 1956 as not covered by Form 'C' declaration.

7. The clarification may therefore be as follows:

(i) **"CAM operated Rotary Switches and Limit Switches manufactured and supplied to Railways as per the**

specifications in their purchase orders for use as parts of Railway Wagons, Coaches or Engines are nothing but the parts of Railway Wagons, Coaches or Engines liable to VAT at the rate of 5 % under Entry 112 of Part-B of First Schedule to the TNVAT Act, 2006.

(ii) Interstate sale of "CAM operated Rotary Switches and Limit Switches manufactured and supplied to Railways located in other States as per their specific purchase orders are also liable to CST at the rate of 5 % under Section 8(2) of the CST Act, 1956 read with Entry 112 of Part-B of First Schedule to the TNVAT Act, 2006.

However, CAM operated Rotary Switches and Limit Switches for industrial purpose as electro-mechanical devices used in control and instrumentation mechanism attract the liability to VAT @ 14.5 % as being a class of commodity falling under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006.

Dated this the 9<sup>th</sup> 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

Tvl. Jaibalaji Control Gears Pvt. Ltd.,  
No.107 (Old No.89),  
SIDCO Industrial Estate,  
Ambattur,  
Chennai-600 098.

Copy to:

The Assistant Commissioner (CT)  
Korattur Assessment Circle

The Joint Commissioner (CT),  
Chennai (South) 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)