

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

ACARR NO.024/2014-15
(Acts Cell -II/16924/2014)

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. Ashar Herbal and Agro Products, AG2, Casa Xs, Manapakkam Main Road, Manapakkam, Chennai 600 125.
2.	Registration Certificate No.	:	TIN:33350846903/ CST:1240151
3.	Date of application	:	28.05.2014
4.	Date of receipt of application	:	28.05.2014
5.	Clarification sought for	:	Rate of Tax on "Palm Dew"- Tender coconut water powder (Branded)
6.	Date of Personal Hearing	:	13.08.2014
7.	Represented by	:	Thiru. R. Subramanian, Chartered Accountant.

ORDER

M/s. Ashar Herbal and Agro Products AG2, Casa Xs, Manapakkam Main Road, Manapakkam, Chennai 600 125, Tamil Nadu. (TIN: 33350846903/ CST: 1240151) the registered dealers in the file of Assistant Commissioner (CT) Alandur Assessment Circle, Chennai

manufacturing and trading "Tender Coconut Water Powder" 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 **"Tender Coconut Water Powder" (Branded)**.

3. The applicant dealer in Form VV have stated that they are manufacturing and marketing "Tender Coconut Water Power" (Palm Dew) (Branded). They have also requested the Authority for Advance Ruling to kindly give them a personal hearing to submit their case before giving clarification of their queries.

Accordingly in this office reference in Acts Cell-II/16924/2014 dated 28.05.2014 in ACAAR 24/2014-15 a personal hearing notice was sent to the applicant dealer with request to appear for personal hearing along with required details before the Authority for Advance Ruling and Clarification on 13.08.2014 at 4.00 PM at the office of the Principal Secretary / Commissioner of Commercial Taxes, Chepauk, 2nd Floor to put forth their case.

At the time of personal hearing, the authorized representative has produced sample pocket of "Tender Coconut Water Power" and argued that by converting coconut water into coconut powder there is no manufacturing activity involved and therefore the benefit of exemption available to "tender coconut water" is also available to "tender coconut powder". In support of their contention the authorized representative has cited a judicial decision rendered by the Honorable High Court of Madras in the case of Tvl. Sakthi Masala (P) Ltd., Vs. The Assistant Commissioner (CT), Perundurai Assessment Circle in W.P No.8526 to 8529 of 2013 dated 29.04.2013, wherein the High Court has held that sale of Chilly, Pepper and turmeric are exempt from tax and their powder forms ie Pepper powder, turmeric powder and chilly powder were also exempt as they are treated as one the same. Finally the applicant dealer has requested the Authority for Advance Ruling and clarification to consider "Tender Coconut Water Powder" (Branded) as Tender Coconut Water as exempt in packaged condition vide Entry 77(ii) of Part-B of IV Schedule.

The issue has been examined in detail with reference to the provisions of TNVAT Act 2006 and Rule 2007 as well as relevant entries in Part C of First Schedule to the TNVAT Act 2006.

The prayer of the applicant dealer was considered by the Authority for Advance Ruling with reference to the sample pocket produced at the time of personal hearing and also with reference to the judicial decision rendered by the High Court of Madras with the following observations:-

1. The judgment cited by the applicant dealer can not be squarely applied to the case on hand since in the process of converting Chilly, pepper and turmeric into their powder forms, no manufacturing process is involved and therefore no new commercial commodity emerges as there is no additives mixed with powder.
2. As per the flow chart given by the applicant dealer, Tender Coconut Powder prepared by filtration, condensation of the Tender Coconut Water and addition of minerals if necessary and frozen drying and homogenizing and thus it becomes a concentrate like soft drink concentrate. Whereas in the process of making chilly powder from dried chilly, no such process is involved except grinding.
3. In the present case sucrose and minerals are added for value addition. It amounts to manufacturing process.

Therefore the commodity "Tender Coconut Powder" prepared by filtration, condensation of the Tender Coconut Water and addition of minerals, sucrose and frozen drying and homogenizing and thus it becomes a concentrate liable to be classified as unclassified item under Entry 69 of Part-B of I schedule liable to 14.5%.

The clarification may therefore be that the rate of tax on sale of "Tender Coconut Powder" (Branded) is 14.5% as unclassified item under Entry 69 of Part-B of 1st schedule to the TNVAT Act 2006.

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. Ashar Herbal and Agro Products,
AG2, Casa Xs,
Manapakkam Main Road,
Manapakkam,
Chennai 600 125.

Copy to:

The Assistant Commissioner (CT)
Alandur 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)