

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.102/2014-15
Acts cell-II/37590/2014

Dated:11.10.2015

- 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. J.G.Impex (P) Ltd., 55, Narayana Mudali Street, Sowcarpet, Chennai - 600079
2.	Registration Certificate No.	:	TIN.No.33150260842 CST. 92798
3.	Assessment Circle	:	NSC Bose Road Assessment Circle, Chennai (North) Division
4.	Date of application	:	05.12.2014
5.	Date of receipt of application	:	09.12.2014
6.	Clarification sought for	:	Rate of Tax on " Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics "
7.	Date of Personal Hearing	:	26-08-2015
8.	Represented by	:	Thiru. Jayanti Lal Jain, Authorised Representative

ORDER

Tvl. J.G.Impex (P) Ltd., Chennai - 600079
(TIN.No. 33150260842), the registered dealers in the files of NSC Bose Road Assessment Circle, Chennai (North) Division 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.

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

Rate of Tax on **"Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics"**

2.2. The applicant-dealer stated that they import the "Tape (Ribbon Strips) Manmade Fibres/Narrow Woven Fabrics and pleaded the Authority for Clarification and Advance Ruling that -

- a. What is the rate of tax applicable for the above items, if they were imported and sale them within Tamil Nadu/ outside the State of Tamil Nadu?
- b. What is the rate of tax applicable for the above items if they were purchased locally from Tamil Nadu and Sale them inside the state of Tamil Nadu / outside the State of Tamil Nadu?

3.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules 2007 and the relative entries regarding the commodities classified under the First and Fourth Schedule to the TNVAT Act, 2006. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

3.2. The applicant-dealers have sought for a personal hearing. The "Authority for Clarification and Advance Ruling", herein after referred to as "authority" have convened a meeting for hearing on 26.08.2015 at 04.00 PM and the applicant-dealers were informed in writing to appear before the Authority on the above said date. Thiru. Jayanti Lal Jain, Authorised Representative has represented the

Company before the Authority on 26.08.2015 and placed the facts relating to the clarification requested. The authorized representative for the applicant-dealers has reflected the grounds as given in the annexure to the application.

3.3. The applicant dealer had sought for clarification regarding rate of tax on "**Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics**". Before advancing clarification regarding rate of tax on the said goods, the samples of the same have been called for and examined on having produced on personal hearing. The goods such as **Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics** are found to be textile product.

3.4. As per Entry in S.No11 of Second Schedule to the TNVAT Act, 2006 the "**Textile products not produced or manufactured in India**" is taxable @ 5% at the First point of sale inside the State. Whereas the "**Textiles or woven fabrics produced or manufactured in India**" are liable to exemption from tax as per Entries under SI.No. 77-A of Part-B of Fourth Schedule to the TNVAT Act, 2006.

3.5. The "**Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics**", being the textile products, not manufactured in India and imported from a Foreign Country into India would attract tax at the First Point of Sale inside the State of Tamil Nadu @ 5% as per Entry in Sl. No. 11 with the description "**Textile products not produced or manufactured in India**" of Second Schedule of TNVAT Act, 2006. But, such goods produced or manufactured in India, either inside or outside the State of Tamil Nadu, would liable to exemption from tax on every point of sale inside the State, vide Sub-Entry (6)(vi) with the description "**Narrow**

Woven Fabrics” under main Entry 77A with the description, **“Textiles or Woven Fabrics Produced or manufactured in India”** of Part-B of Fourth Schedule to the TNVAT Act, 2006.

3.6. Section 8(1) of the CST Act, 1956 provides for tax at the concessional rate of 2% on interstate sale of goods covered by Form 'C' declarations prescribed under section 8(4) of the Act, 1956. Whereas Section 8(2) of the CST Act, 1956 provides that the interstate sale of goods not falling under section 8(1) of the CST Act, i.e. the interstate sales not covered by Form 'C' declarations would liable to tax at the rates specified under the State VAT laws for the commodity involved in such sales. Therefore, the **“Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics”**, produced or manufactured in India are liable to exemption from central sales tax on their Interstate sale, as per Entry in Sl. No. 77A (6)(vi) of Part-B of Fourth Schedule of the above goods. But, similar goods produced or manufactured in other countries and imported into India and interstate sale of such imported goods is liable to central sales tax at the concessional rate of tax under Section 8(1) of the CST Act, 1956, if covered by Form 'C' declarations as prescribed under Section (94) of the CST Act and liable to central sales tax at 5% under Section (92) of the CST Act, 1956 read with Entry 11 of Second Schedule to the TNVAT Act, 2006 if not covered by Form 'C' declarations.

4. The rate of tax on **“Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics”**, of both foreign and indigenous origin is therefore clarified as below:

1. **“Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics”**, not produced or manufactured in India and imported from Foreign Countries into India,

- (i). are liable to tax @ 5% at the first point of sale inside the State of Tamil Nadu as per Entry in Sl. No. 11 of Second Schedule to the TNVAT Act, 2006;
- (ii). liable to CST at the concessional rate of tax @ 2% on interstate sale as per Section 8(1) of CST Act, 1956 if covered by Form 'C' declarations as prescribed under Section 8(4) of the CST Act, 1956; and
- (iii). liable to CST @ 5% as per Section 8(2) of the CST Act, 1956 read with Entry in S.No. 11 of Second Schedule to the TNVAT Act, 2006, if not covered by Form 'C' declarations.

2. "Tape (Ribbon Strips) Manmade Fibres and Narrow Woven Fabrics" produced or manufactured in India, both inside and outside the State, are liable to exemption from VAT on sale inside the State of Tamil Nadu and also from CST on sale in the course of interstate trade or commerce as per Entry in Sl. No. 77A (6) (vi) of Part-B of Fourth Schedule to the TNVAT Act, 2006 and under Section 8(2) of the CST Act, 1956 respectively.

Dated this the Eleventh day of October 2015.

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

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

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

To
Tvl. J.G.Impex (P) Ltd.,
55, Narayana Mudali Street,
Sowcarpet, Chennai - 600079.

Copy to:
The Assistant Commissioner (CT)
NSC Bose Road Assessment Circle.

The Joint Commissioner (CT),
Chennai (North) 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 File 3/ Acts Cell-II /Spare - 5.

//Forwarded/By order//


Additional Commissioner (PR)