

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.104/2015-16**  
**Acts cell-II/37089/2015**

Dated: 30.12.2016

- Present:**
1. Dr. C. Chandramouli, I.A.S.,  
Additional Chief Secretary / Commissioner of Commercial Taxes.
  2. Thiru. A. Sarvar Allam,  
Additional Commissioner (CT), (Public Relations)(FAC)
  3. Thiru. K. Mahalingam,  
Additional Commissioner (CT), (Revision Petitions)

1	Name and address of the Applicant	:	Tvl. MM Sign Vision, No.1/158-1, Devarampalayam, R.K. Thaeatre Backside, Koodalore Village, Magudanchavadi (P.O), Sankari Taluk.
2.	Registration Certificate No.	:	TIN.No.33783228356 CST. 1154447
3.	Assessment Circle	:	Sankagiri Assessment Circle
4.	Date of application	:	---
5.	Date of receipt of application	:	10-12-2015
6.	Clarification sought for	:	Rate of Tax on <b>Thermoplastic Road Marking Compound</b>
7.	Date of Personal Hearing	:	26-10-2016
8.	Represented by	:	Thiru. K.M. Najumudeen, VAT Practitioner

**ORDER**

Tvl. MM Sign Vision, No.1/158-1, Devarampalayam, R.K. Thaeatre Backside, Koodalore Village, Magudanchavadi (P.O), Sankari Taluk.

(TIN.No. 33783228356), registered dealers in the files of Sankagiri 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 Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules, 2007) on the rate of tax applicable on **Thermoplastic Road Marking Compound**.

2. The applicant-dealers sought for personal hearing and accordingly they were heard on 26.10.2016. Thiru. K.M. Najumudeen, VAT Practitioner, appeared for the hearing and filed written statements along with documentary evidences.

3.1. The applicant-dealers have stated that they purchase raw materials such as Calcite powder, Poly Ethylin Wax, Titanium Dioxide and Intermix Glass Beads etc, within the state as well as from inter-State, against C form declaration forms. The above chemicals are mixed with a blending machine and the output is in powder form. This powdered mixture is being called as "Plastic Dyes" or "Thermoplastic Road Marking Compound" which is having plastic nature. This plastic dye are sold as industrial input and used by the buyers in Hot Melt Road Marker Machine. They have further contended that the mixture of Calcite powder, Poly Ethylin Wax, Titanium Dioxide and Intermix Glass Beads etc., is also used as raw material in the manufacture of plastic items such as plastic pipes, plastic chairs, plastic pots, plastic mugs, plastic buckets etc., The compound of Thermoplastic road marker is also a plastic item and when if these road marker are damaged or broken can be recycled and reused for manufacturing thermoplastic products or other plastic products. In the above stated facts, the applicant-dealers have requested the Authority to clarify the blending chemical compound (Thermoplastic Road Marking Compound) as Industrial Input for the manufacture of plastic goods.

4.1. This committee considered the above application and the documents filed along with the application carefully and examined the issue with reference to the Schedules and provisions of TNVAT Act, 2006, Rules made thereunder and notifications issued under the Act. The contentions made by the learned counsel for the applicants at the time of personal hearing were also examined thoroughly.

4.2. As per the manufacturing process explained by the applicants, they are producing a compound mixture powder with chemical ingredients that can be used for making markings on the road. This thermoplastic road marking compound is a final product in itself and it is not used for colouring plastic materials. Therefore, this product cannot be classified as 'plastic dyes' under Entry 45(ix) of Part-B of First Schedule to the TNVAT.

4.3. The "**Thermoplastic Road Marking Compound**" is not classified under any of the specific Entry of the Schedules to TNVAT Act, 2006. Hence, the goods would fall under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006 as a residuary item.

5. In view of the above discussion, this committee clarifies that "**Thermoplastic Road Marking Compound**" dealt by the applicant dealers is liable to VAT at **14.5%** as a residuary item falling under **Entry 69 of Part-C** of First Schedule to the TNVAT Act, 2006. If this product is sold as industrial input under **Entry 67 of Part-B** of First Schedule to the TNVAT Act, 2006, against the certificate prescribed under Rule 6(3)(b) of TNVAT Rules, 2007, the goods are liable to VAT at **5%**.

Dated this the Thirtieth day of December 2016.

Sd/- A. Sarvar Allam,  
Additional Commissioner (PR)(FAC)

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

Sd/- Dr.C. Chandramouli, I.A.S  
Additional Chief Secretary/  
Commissioner of Commercial Taxes

To  
Tvl. MM Sign Vision,  
No.1/158-1, Devarampalayam,  
R.K. Thaeatre Backside,  
Koodalore Village,  
Magudanchavadi (P.O),  
Sankari Taluk.

Copy to:  
The Assistant Commissioner (CT)  
Sankagiri 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 File 3/ Acts Cell-II /Spare - 5.

//Forwarded/by Order//

*W. J. Manojan*  
4.1.17  
Commercial Tax Officer