

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.105/2015-2016**  
**Acts cell-II/37864/2015**

Dated: 30.05.2018

- Present:**
1. Dr.T.V. Somanathan, I.A.S.,  
Principal Secretary / Commissioner of Commercial Taxes.
  2. Thiru M. Parameswaran,  
Additional Commissioner (ST), (Public Relations)(FAC)
  3. Dr. C. Palani,  
Additional Commissioner (ST), (Revision Petitions)(FAC)

1	Name and address of the Applicant	:	Tvl. M.S. Fabric, S.F.No.463, D.No.53C, 1,2 Murugaithottam, Samundipuram, Gandhi Nagar (PO), Tirupur-641 603.
2.	Registration Certificate No.	:	TIN : 33336266692 CST : 1179662
3.	Assessment Circle	:	Tirupur (Rural) Assessment Circle.
4.	Date of application	:	NIL
5.	Date of receipt of application	:	17.12.2015
6.	Clarification sought for	:	Rate of tax on " <b>Polyester Woven Labels</b> "
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

**ORDER**

Tvl. M.S. Fabric, S.F.No.463, D.No.53C, 1,2 Murugaithottam, Samundipuram, Gandhi Nagar (PO) Tirupur-641 603 (TIN 33336266692), registered dealer in the files of Tirupur (Rural) 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 the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules,2007).

2.1 The applicant-dealer have sought for clarification on the rate of tax for "**Polyester Woven Labels**".

2.2. In the Form VV application, the applicant-dealer have sought for clarification on the following points :

- a) Central Sales Tax Rate for Narrow Woven Labels made of Polyester which is stitched on Garments.
- b) Specify the Tamil Nadu Value Added Tax Schedule Entry for adopting the rate of tax in the monthly returns.

They have further stated that their commodity is understood in the common parlance as Polyester Woven Labels and also enclosed a sample with it.

3. The issue has been examined in detail with reference to the provisions of the TNVAT Act, 2006 and TNVAT Rules, 2007 and the related entries in all the Schedules to the TNVAT Act, 2006. Section 48-A of the TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.1. In the Garments industry, there is a wide difference between the Polyester Label and Woven Label. Polyester labels are printed label sublimated in full colour, detailed designs, feels light, more smooth and soft and classy effect whereas the Woven labels are those where the design chosen by the individual is woven on the label, basic and classical design, more rough textures, effect high class, authenticity, more expensive and comes in black and white colours. Polyester woven labels are made from Polyester fabric and find extensive usage in Garments and apparels to provide them a unique look and these are water resistant. These are sold to manufacturing industry and therefore as an industrial input, it is taxable at 5%. These polyester woven labels madeup of Polyester fabrics are provided as per the customers specifications. In other words, these goods are madeups and supplied to manufacturers who stitch it on the garments. In any case this commodity can be broadly classified as woven fabrics made up of Polyester.

4.2. From 12.07.2011, entry 77-A was inserted in Fourth Schedule to the TNVAT Act, 2006, according to which Textiles or woven fabrics produced or manufactured in India are exempt from tax. Various types of Textiles or Woven fabrics included in the said entry are fabrics made of Silk or of Silk waste, Carded Wool excluding hair belting, Combed Wood excluding hair belting, Cotton, Synthetic Filament Yarn, Artificial Filament Yarn, Synthetic Staple Fibres, Artificial Staple fibres, Pile fabrics, Chenile Fabrics of Wool, Cotton or man-made fibres, Terry towelling and similar terry fabrics and tufted textile fabrics etc. Another entry 7(1) under

77-A dealt only about Textile fabrics though included polyesters or viscose yarn, not dealt about woven fabrics.

4.3. Though entry 94 of Part-B of the First Schedule to the TNVAT Act, 2006 dealt about woven fabrics without specifying the nature of texture involved viz., silk, cotton, terry or Polyester, etc., the commodity for which clarification sought cannot be fitted in the said entry for the reason that it mainly dealt about packing materials used in various instances and not related to those used in the Garments.

4.4. The commodity for which clarification sought is a made up from polyester material with certain designs impregnated on it based on the requirement of the customers and therefore it cannot be held as fabric and it is called label as it is stitched on the garments. Since this is made ups, this cannot be sold separately other than the Garments industry and hence, it has to be treated as Accessory to the Readymade Garments and therefore relying on the proviso to Section 3(2) of the TNVAT Act,2006, any goods shall also be taxed at the same rate as that of the goods if such accessories are not specifically enumerated in the First Schedule and made liable to tax under that Schedule the commodity for which clarification sought is taxable at 5% as per entry 115 of Part-B of the First Schedule to the TNVAT Act, 2006.

5. In view of the above, it is clarified that

(i) The commodity "**Polyester Woven Labels**" is taxable at 5% as per entry 115 of Part-B of the First Schedule to the TNVAT Act, 2006 read with proviso to Section 3(2) of the TNVAT Act, 2006.

(ii) In respect of rate of tax for inter-State sales of "**Polyester Woven Labels**", the applicant-dealer may refer to Section 8 of the Central Sales Tax Act, 1956 for the sales made to the registered dealers and un-registered dealers located in other States.

Dated this the thirtieth day of May 2018.

Sd/- M. Parameswaran,  
Additional Commissioner (PR)(FAC)

Sd/- C. Palani,  
Additional Commissioner (RP) (FAC)

Sd/- T.V. Somanathan,  
Principal Secretary/  
Commissioner of Commercial Taxes

To

Tvl. M.S. Fabric,  
S.F.No.463, D.No.53C,  
1,2 Murugaithottam, Samundipuram,  
Gandhi Nagar (PO), Tirupur-641 603.

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Copy to:  
The Assistant Commissioner (ST),  
Tirupur (Rural) Circle.

The Joint Commissioner (ST),  
Coimbatore 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 (ST) including Enforcement, LTU, MOU and  
ISIC.

All Deputy Commissioners (ST), 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//**

  
State Tax Officer  
31/5/18  
31/5/18