

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.112/2015-2016**  
**Acts cell-II/1833/2016**

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. Vetri Engineering,<br>No.72/4, Ammani<br>Kondalampatty,<br>Nattamangalam Post,<br>Kattur, Salem- 636 010. |
| 2. | Registration Certificate No.      | : | TIN : 33592702866<br>CST : 780651  |
| 3. | Assessment Circle                 | : | Salem (Rural) Assessment Circle  |
| 4. | Date of application               | : | 12.01.2016.  |
| 5. | Date of receipt of application    | : | 20.01.2016   |
| 6. | Clarification sought for          | : | Rate of tax on sale of " <b>Wear Additive Liners</b> "   |
| 7. | Date of Personal Hearing          | : | --   |
| 8. | Represented by                    | : | --   |

**ORDER**

Tvl. Vetri Engineering, No.72/4, Ammani Kondalampatty, Nattamangalam Post, Kattur, Salem- 636 010 (TIN 33592702866), registered dealer in the files of Salem (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 "**Wear Additive Liners**".

2.2. The applicant-dealer have stated that the composition of this Commodity "**Wear Additive Liners**" is Rubber Chemicals and Textile items and it is used in Military Gun. They have also stated that this is supplied to Ordinance factories, Government of India, Ministry of Defence and not a commercial item. In their application, they have stated that the said commodity as per the Schedule to the TNVAT Act 2006, the commodity code is 2119 and on that basis they have requested the appropriate rate of tax if such goods sold Inter-State without C forms as these goods are sold as Defence components and used in Defence production units coming under the purview of Ministry of Defence, Government of India. The applicant-dealer also enclosed a copy of purchase order issued by the Ordinance Factory, Bhandara. With the above information about their product, the applicant-dealer requested for clarification on the rate of tax for the said commodity if sold Inter-state without C forms.

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. The applicant dealers have sought for clarification regarding rate of tax on "Wear Additive Liners". The claim of the dealer applicant that their goods fall under the commodity code 2119 vide Entry 119 of Part B of the First Schedule to TNVAT Act 2006 is not acceptable as the said entry dealt about only Rubber items such as Rubber, Raw Rubber, Latex, Dry Ribbed Sheets of RMA grades, Tree Lace, Earth Scrap, Ammoniated Latex, Latex Concentrate, Centrifugal Latex, Dry Crepe Rubber, Dry block rubber, Crumb Rubber, skimmed Rubber and all other qualities and grades of latex, Reclaimed rubber and all grades and qualities and synthetic rubber. According to the dealer applicant, the commodity for which clarification sought is used in the defence production units i.e., various defence manufacturing units. On this basis it can be construed as spares and parts used in Ministry of Defence supplies. As such there is no specific entry for parts or spares used in the Space Crafts, Aircrafts, Helicopters in any of the Schedules under TNVAT Act 2006. Therefore, such items are to be treated as unclassified items only and for such unclassified items there is a residual entry in Part C of the First Schedule to TNVAT Act 2006.

4.1. Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006 reads as "Any other goods, not specified in any of the Schedules" However, a notification reducing the rate of tax in respect of Central Government Department is in existence. The



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Notification No.II(1)/CTR/12(a-16)/2012 dated 12.07.2011 reads as under:-

"A reduction in rate of tax to 5% on the sale to the State and Central Government Departments including Indian Railways and Departments of other State Governments in Tamil Nadu of any goods which are taxable at a rate higher than 5% except Petrol, Diesel, Cement subject to the condition that the dealer obtain and furnishes a prescribed certificate"

4.2. In respect of inter-State sales, the concessional rate previously admitted to the Government purchases against Form-D has been done away with effect from 01.04.2007 and thereafter, a Government Department has to pay tax at the same rate as any other person, unless any of them registers itself as a dealer carrying on the business of buying and selling goods. In respect of sales made from 01.04.2007 to persons other than registered dealers (Ministry of Defence, a Central Government Department), the rate of tax has been prescribed under sub-Section (2) as the rate applicable for local sales under the State Law i.e., as per Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006.

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

(i) the sale of "**Wear Additive Liners**" being spares and components used in Defence manufacturing units coming under the purview of Central Government Department is taxable at the reduced rate of tax at 5% with effect from 12.07.2011 if such sale takes place within the State of Tamil Nadu.

(ii) Inter-State sales of "**Wear Additive Liners**" being spares and components used in Defence Manufacturing Units located in other States is taxable at the rate of 14.5% with effect from 12.07.2011 as per Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006.

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. Vetri Engineering,  
No.72/4, Ammani Kondalampatty,  
Nattamangalam Post,  
Kattur, Salem- 636 010.

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

The Joint Commissioner (ST),  
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 (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** 31/07/18.  
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