

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

ACAAR No. 113/ 2013-14.
Acts cell – II/4523/2014

Dated 16.06.2014

- 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	:	Tvl. V.V. Herbals, No.1/351, Katuribai Street, Rasathi Kalignar Nagar, Mannivakkam Extension, Chennai - 600 048.
2.	Registration Certificate No.	:	TIN:33371608730 /CST:1243708
2.	Date of application	:	07.02.2014
3.	Date of receipt of application	:	07.02.2014
4.	Clarification sought for	:	Rate of Tax on 'Herbal Hair Oil (Azhagu sadhan)'
5.	Date of Personal Hearing	:	12.03.2014
6.	Represented by	:	Thiru. G.Vinodh, Partner

Tvl. V.V. Herbals, No.1/351, Katuribai Street, Rasathi Kalignar Nagar, Mannivakkam Extension, Chennai - 600 048 (TIN: 33371608730), the registered dealers in the files of Chenglepet assessment circle, Chenglepet, 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. The applicant-dealers have sought for clarification on the following:

Rate of tax on "**Herbal Hair Oil (Azhagu Sadhan)**"

3.1. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 12.03.2014 and the applicant-dealers were informed in writing to appear before the Authority on 12.03.2014. Thiru. G.Vinodh, Partner has represented the Company before the Authority on 12.03.2014 and placed the facts relating to the clarification requested. The learned Authorized Representative for the applicant-dealers has reflected the grounds as given in the annexure to the application.

3.2. The applicant-dealers have stated that they are manufacturers of V.V. Herbal Hair Oil (Azhagu Sadhan) under the license issued in Form 25-D by State Drug Licensing Authority (Indian Medicines) Tamil Nadu under Drugs and Cosmetics Act, 1940. The applicant-dealers have enclosed with their application, the formulation of their herbal hair oil as approved by the State Drug Licensing Authority. The dealer-applicant has stated that their herbal hair oil is an admixture of sesame and coconut oils at 40:60 ratio, in which extracts of about ten different herbals is mixed, for external application, so as to prevent from dandruff and hair falling. Besides, the Authorized Representative has pointed out that their herbal hair oil (Azhagu sadhan) may appropriately be clarified amidst of the Entry 72-A of Part-B of Fourth Schedule and Entry 20 of Part-C of First Schedule to the TNVAT Act, 2006.

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and Section 14 of the CST Act, 1956. The clarification is given accordingly as under

4.2. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.3. The applicant-dealers have sought for clarification regarding rate of tax on 'Herbal Hair Oil (Azhagu Sadhan).

5. 'Entry 20 of Part-C of First Schedule to the Act reads as extracted below:

Cosmetics and toilet articles, that is to say, talcum powder, prickly heat powder, similar medicated body powder and forms, ramachom oil, cinnamon oil, perfumes; scents, snow and cream, *eau de cologne*, solid colognes, beauty boxes, face packs, cleansing liquids, moisturizers, make-up articles, complexion rouge, bleaching agents, **hair-oil**, hair-dyes, hair-sprayers, hair removers, hair creams, lipsticks, nail polishes and varnishes, polish removers, eyeliners, eye-lashers and body deodorants.

V.V. Herbal Hair Oil (Azhagu Sadahan) is being prepared under the license issued in Form 25-D, permitting the applicant dealers for manufacturing Ayurvedic medicine (including Siddha medicine) along with approval of the formulation for the herbal hair oil by State Drug Licensing Authority (Indian Medicines) Tamil Nadu under Drugs and Cosmetics Act, 1940. As per such formulation the herbal hair oil is an admixture of Sesame and Coconut oils at 40:60 ratio, in which extracts of about ten different herbals is mixed, for external application, so as to prevent from dandruff and hair falling. However, it is found that the V.V. Herbal Hair Oil has been prepared only for the purpose of application to hair, though herbal extracts have been mixed towards preventing from dandruff and hair falling. The product is sold as an off-the shelf product and not restricted as medicine prescribed by doctor. Since the herbal hair oil produced by the dealer-applicant is predominantly being hair oil as understood from the caption given within the bracket, it is identified without any doubt as that of medicated hair oil and not that of siddha medicine as within the scope of Entry 72-A with the description, "Siddha Medicine" in Part-B of Fourth Schedule to the Act. On the forgoing observations, it is concluded that the Herbal Hair Oil (Azhagu Sadhan) produced and marketed by the applicant-dealers would fall within the scope of the expression, "hair oil" employed under Entry 20 of Part-C of First Schedule with reference to the Cosmetics.

6. The clarification is therefore that **the "V.V. Herbal Hair Oil (Azhagu Sadahan) is taxable at the rate of 14.5 % as classifiable under Entry 20 of Part-C of First Schedule to the TNVAT Act, 2006.**

Dated this the 16th day of June 2014.

R. Vayanaperumal,
Additional Commissioner (PR)

K. Mahalingam,
Additional Commissioner (RP)

K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To
Tvl. V.V. Herbals,
No.1/351, Katuribai Street,
Rasathi Kalignar Nagar,
Mannivakkam Extension,
Chennai - 600 048.

Copy to:
The Assistant Commissioner (CT)
Chenglepet 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.

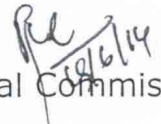
The Accountant General (Audit)-II, No.44, Greams Road, Chennai - 6.

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)