

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING		
ACAAR No. 117/ 2013-14. (Acts cell – II/5715/2014)		Dated 16.06.2014
<u>Present:</u>	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. Chemidye Manufacturing Company (A division of Tvl. Thirumalai Chemicals Limited) No.25-A, SIPCOT Industrial Complex, Ranipet -632 403.
2.	Registration Certificate No.	: TIN:33274360093 / CST:352030
2.	Date of application	: 12.02.2014
3.	Date of receipt of application	: 12.02.2014
4.	Clarification sought for	: Rate of Tax on 'denatured spirit'
5.	Date of Personal Hearing	: 12.03.2014
6.	Represented by	: Thiru. D.Settu Authorised Representative

Tvl. Chemidye Manufacturing Company (A division of Tvl. Thirumalai Chemicals Limited) No.25-A, SIPCOT Industrial Complex, Ranipet -632 403 (TIN: 33274360093), the registered dealers in the files of Ranipet-I assessment circle, Ranipet, 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 **"denatured spirit."**

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. D. Settu, Authorized Representative 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 Di-ethyl Phthalate and for this purpose they are buying denatured spirit from registered distilleries inside the State. In this regard, it has become essential for them to sought for clarification regarding the rate of tax for 'denatured spirit' if the same is purchased for the purpose of use as input in the manufacture of their product, 'di-ethyl phthalate'. The Authorized Representative has pleaded that they may be clarified, "What would be the rate of tax for denatured spirit on purchase for use as input in the manufacture of other chemicals?"

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 'denatured spirit' on purchase for use as input in the manufacture of other chemicals.

5. 'Denatured spirit' is found placed under Entry 1 of Part-C of First Schedule to the TNVAT Act, 2006, which reads as extracted below:

"Absolute alcohol, Methyl alcohol, rectified spirit, neutral spirit and **denatured spirit**"

Denatured spirit, by its classification under Part-C of the First Schedule, attracts the levy of tax at the rate of 14.5 %. Whereas the Entry 67 of Part-B of First Schedule provides for concessional rate of tax at 5 % by its description as given below:

Industrial inputs, that is to say, any goods falling under Part C of this Schedule, including consumables, packing materials and labels but excluding plant and machinery, ethyl alcohol, absolute alcohol, methyl alcohol, rectified spirit, neutral spirit and cement, for use in manufacture and for use in assembling, packing or labelling in connection with such manufacture, inside the State, of goods other than those falling under Second Schedule.

Among the different types of alcohols and spirits classified under Entry 1 of Part-C of First Schedule, except denatured spirit, all other items have been grouped under the group of goods excluded from the benefit of concessional rate provided under Entry 67 of Part-B of First Schedule. Denatured spirit has isolated and kept away from the excluded class of goods and therefore bears the eligibility for purchase as industrial input at the concessional rate of 5 % on issue of the "Utility Certificate" as prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007. Therefore, the purchase of denatured spirit against the certificate prescribed under rule 6(3)(b) of TNVAT Rules 2007 for the purpose of use as industrial input in the manufacture of other goods inside the State is liable to tax at the rate of 5 % by virtue of Entry 67 of Part-B of First Schedule to the TNVAT Act, 2006.

6. The clarification is therefore as detailed below:

- (i) **Denatured spirit is taxable at 14.5 % under Entry 1 of Part-C of First Schedule to the TNVAT Act, 2006.**
- (ii) **Denatured spirit is taxable at 5%, as provided under Entry 67 of Part-B of first Schedule to the TNVAT Act, 2006, if used as an industrial input against the Certificate prescribed under Rule 6(3)(b) of TNVAT Rules 2007.**

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. Chemidye Manufacturing Company
(A division of Tvl. Thirumalai Chemicals Limited)
No.25-A, SIPCOT Industrial Complex,
Ranipet -632 403.

Copy to:
The Assistant Commissioner,
Ranipet

The Joint Commissioner (CT),
Vellore 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)