

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.118/2015-16**  
**Acts cell-II/4003/2016**

Dated: 17.05.2018

- 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. Erode Gas Agencies, Indane Complex, No.65/143, Sampath Nagar, Erode-638 011.
2.	Registration Certificate No.	:	TIN.No. 33622903009 CST No. 779185
3.	Assessment Circle	:	Erode(Rural) Assessment Circle
4.	Date of application	:	10.02.2016
5.	Date of receipt of application	:	15.02.2016
6.	Clarification sought for	:	Rate of tax on sale of <b>"Commercial Liquefied Petroleum Gas"</b>
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

**ORDER**

Tvl. Erode Gas Agencies, Indane Complex, No.65/143, Sampath Nagar, Erode-638011 (TIN 33622903009), registered dealers in the files of Erode (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. The applicant-dealers have sought for clarification for the rate of tax on "**Commercial Liquefied Petroleum Gas**". The applicant-dealers have also sought for appropriate rate of tax if the above said commodity is sold to Industries, Manufacturers, Traders/Dealers.

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. Both the First and Fourth Schedules to the TNVAT Act, 2006 reveals no entry of the description "Commercial or Industrial LPG" or LPG for Industrial or Commercial Purpose". The entry 67-A (p) of the description, "Gases of all kinds **other than Liquefied Petroleum Gas**". By expression, "**Other than**" employed therein has excluded the LPG for any purpose from being taxable at 5%. The "**LPG for domestic Purpose**" has been included among the declared goods as per newly inserted clause (va) under Section 14 of the CST Act, 1956 with effect from 18.04.2006, vide Section 71 of Finance Act, 2006 (Act No.21 of 2006) and therefore made liable to tax at 5% under Entry 41 of Part-B of the First Schedule to the TNVAT Act, 2006. The LPG for Commercial or Industrial purpose or for use as auto fuel is being left out from being classified under any of the Schedules to the TNVAT Act, 2006. Since the Commercial or Industrial or Auto LPG is excluded as aforesaid from being taxable at 5% and not specifically classified under any of the Schedules to the TNVAT Act, 2006, Commercial or Industrial or Auto LPG bears every quality to be classified as unclassified item of commodity under Entry 69 of Part-C of the First Schedule to the Act and therefore liable to tax at 14.5%. Whereas, the entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, reads as extracted 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."*

4.2. As provided under the Entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, the LPG for commercial or Industrial purpose (Commercial or Industrial LPG) when sold to manufacturers or industries for use as fuel (consumable) would

attract the tax at 5%, against the certificate issued by the registered dealer who purchases the LPG for the purpose of using in the manufacture of other goods, as prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007.

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

(i) The "**Commercial or Industrial Liquefied Petroleum Gas (LPG)**" is generally taxable @ 14.5%, as being the unclassified commodity under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006, on sale to traders or other dealers.

(ii) The "**Commercial or Industrial Liquefied Petroleum Gas (LPG)**" is taxable @ 5%, under Entry 67 of Part-B of the First Schedule to the TNVAT Act, 2006, on sale as Industrial Input to manufacturers or Industries within Tamil Nadu State against the Certificate issued by the buying dealer as prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007.

Dated this the seventeenth 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. Erode Gas Agencies,  
Indane Complex, No.65/143,  
Sampath Nagar, Erode-638 011.

Copy to:

The Assistant Commissioner (ST),  
Erode (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//**

  
22/05/18  
**State Tax Officer**  
