

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.12/2016-17
Acts cell-II/12508/2016

Dated:30.12.2016

- Present:** 1.Dr.C.Chandramouli, I.A.S.,
Additional Chief Secretary / Commissioner of Commercial
Taxes.
- 2.Thiru. A.Sarvar Allam,
Additional Commissioner (CT), (Public Relations)(FAC)
- 3.Thiru. K. Mahalingam,
Additional Commissioner (CT), (Revision Petitions)

1	Name and address of the Applicant	:	Tvl.Periyar Polymers Pvt Ltd, 4/218-1, Meenkarai Road, Divansapudur, Pollachi - 642 103
2.	Registration Certificate No.	:	TIN.No. 33616370997
3.	Assessment Circle	:	Pollachi Rural Assessment Circle
4.	Date of application	:	11-05-2016
5.	Date of receipt of application	:	13-05-2016
6.	Clarification sought for	:	Rate of tax on " Rubberised Coir Sheets " and " Walled Rubberised Coir Sheets "
7.	Date of Personal Hearing	:	26-10-2016
8.	Represented by	:	Thiru. N. Murali, Advocate

ORDER

Tvl.Periyar Polymers Pvt Ltd, 4/218-1, Meenkarai Road, Divansapudur, Pollachi - 642 103 (TIN.No. 33616370997), registered dealers in the files of Pollachi 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 Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules, 2007) on the rate of tax applicable on **"Rubberised Coir Bare Sheet"** and **"Walled Rubberised Coir Bare Sheet"**.

2.1. The applicant-dealers sought for personal hearing and accordingly they were heard on 26.10.2016. Thiru. N. Murali, Advocate and Counsel of the applicant-dealers appeared for the hearing and produced the sample materials and filed written statement along with documentary evidences.

2.2. At the time of personal hearing, the learned Counsel of the applicant-dealers contended that the above products are to be treated as coir products liable at 5% tax under Entry 31 of Part-B of I Schedule to TNVAT Act, 2006. It was also contended that "walled rubberized coir bare sheet" is nothing but a rubberized coir bare sheet with edges pasted with Hessian Fabric (Jute Gunny Bag Material) as a reinforcement to prevent disintegration of coir fiber while handling the storage. This process is called "walling" and accordingly the commodity known as "walled rubberized coir bare sheet". The applicant-dealers have also stated that the percentage of Hessian Fabric is only 1% of the composition of the nature of the product. It was further submitted that by pasting of hessian fabric the nature of product is not altered and it continues to be coir products liable under Entry 31 of Part-B of the First Schedule to TNVAT Act. The applicant-dealers have also stated that the rubberized coir sheets are made of coir fibers sprayed with rubber latex which bonds the fibers together. The rubberised coir sheets are used in the manufacture of mattresses and cushions and for the purpose of packaging, insulation, horticulture etc.,

3.1. This committee considered the above application and the documents filed along with the application carefully and examined the issue with reference to the Schedules and provisions of TNVAT Act, 2006, Rules made thereunder and notifications issued under the Act. The contentions made by the learned counsel for the applicants at the time of personal hearing were also examined thoroughly.

3.2 Entry 31 of Part-B of the First schedule to the TNVAT Act, 2006 reads as follows:

"Coir products excluding mattresses"

The products dealt by the applicant dealers "rubberized coir bare sheets" and "walled rubberized coir bare sheets" cannot be considered as pure coir products. These sheets are made of binding coir fiber with rubber latex and used for the manufacture of mattress and for packaging, insulation etc. Coir products are products made of coir only. Rubberized coir sheets manufactured with coir fiber and rubber latex by the applicant dealers are recognized in the market as "rubberized coir products" and not as "coir products" falling under Entry 31 of Part-B of the First schedule to the TNVAT Act, 2006.

3.3. There is no specific entry for rubberised coir products viz., "Rubberised Coir sheet" and "walled Rubberised Coir sheet" under any of the schedules to the TNVAT Act and hence it would fall under residuary item under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006, liable at 14.5%.

3.4. However, the applicant-dealers stated that these rubberised coir sheets are also used for manufacture of mattresses and for other purposes such as packaging, insulation, etc.,

The rubberised coir sheets falling under residual Entry 69 of Part-C of Schedule are eligible to be sold as Industrial Input as described in Entry 67 of Part-B of First Schedule to the TNVAT Act on certification of usage as Industrial Input by the buyer as prescribed under Rule-6(3)(b) of TNVAT Rules, 2007.

4. In view of the above discussion, it is clarified that

(i) Rubberised Coir products viz., **"Rubberised Coir Bare Sheets" and "Walled Rubberised Coir Bare Sheets"** sold by the applicant-dealers are liable to VAT at **14.5% as residuary item falling under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006.**

(ii) However, **Rubberised Coir products viz., "Rubberised Coir Bare Sheets" and "Walled Rubberised Coir Bare Sheets"** sold as **Industrial Input** as prescribed in **Entry 67 of Part-B of First Schedule to TNVAT Act**, subject to the condition prescribed in

Rule 6(3)(b) of TNVAT Rules, 2007 are liable at 5% under the above Entry.

Dated this the Thirtieth day of December 2016.

Sd/- A. Sarvar Allam,
Additional Commissioner (PR)(FAC)

Sd/- K. Mahalingam,
Additional Commissioner (RP)

Sd/- Dr.C. Chandramouli, I.A.S
Additional Chief Secretary/
Commissioner of Commercial Taxes

To
Tvl.Periyar Polymers Pvt Ltd,
4/218-1, Meenkarai Road,
Divansapudur,
Pollachi – 642 103

Copy to:
The Assistant Commissioner (CT)
Pollachi Rural Assessment Circle

The Joint Commissioner (CT),
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 (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 File 3/ Acts Cell-II /Spare – 5.

//Forwarded/by Order//

K. Mahalingam
2-1-17
Commercial Tax Officer