

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

ACAAR No. 123/ 2013-14.
(Acts Cell – II/7218/2014)

Dated 23.10.2014

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. Swastik Enterprises, No.1/432, 5 th Street, Bharathi Nagar, Nattamangalam Main Road, Maniyanoor, Salem – 636 010
2.	Registration Certificate No.	:	TIN:33932843232 / CST:990003
3.	Date of application	:	28.02.2014
4.	Date of receipt of application	:	28.02.2014
5.	Clarification sought for	:	Rate of Tax on "Copper Bush" an electronic part.
6.	Date of Personal Hearing	:	----
7.	Represented by	:	----

ORDER

Tvl. Swastik Enterprises, No.1/432, 5th Street, Bharathi Nagar, Nattamangalam Main Road, Maniyanoor, Salem-10, (TIN:33932843232), the registered dealers in electronic spares in the files of Suramangalam Assessment Circle, Salem, have preferred application in Form 'VV' and sought for 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 "**Copper Bush**" an electronic spare part sold to a 100 % exported unit.

3. The applicant-dealer has stated that they purchased Copper Bush, the spares in electronic transformers and chokes, from registered dealers inside the State and sold the same to 100 % Export Oriented Unit. The applicant-dealer has requested that the applicable rate of tax for Copper Bush on sale to 100 % Export Oriented Unit may be clarified.

4. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and the related Entries in Parts B and C of the First and Fourth Schedules to the TNVAT Act, 2006. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

5. The applicant-dealers have sought for clarification regarding rate of tax on **"Copper Bush"** as component parts of electronic transformer and Choke on sale to a 100 % Export Oriented Unit.

6.1. There is no specific Entry in any of the Parts of First and Fourth Schedules to the TNVAT Act, 2006, with the description, "Copper Bush". Therefore, the Copper Bush would fall under Entry 69 of Part-C of First Schedule as an unclassified item of goods; and attract VAT @ 14.5 % on sales inside the State.

6.2. The Zero rate provided under section 18(1) of the Act, 2006 is applicable only in respect of sale of goods in the course of export falling under sub-section (1) or (3) of section 5 of the CST Act, 1956; or a sale to an Unit located in Special Economic Zone; or a sale to any of the International Organizations listed out in Fifth Schedule to the TNVAT Act, 2006. A sale of goods in normal course to a 100 % Export Oriented Unit for use as raw material or component in the manufacture of other goods for export does not qualify for Zero rating, otherwise than in the course of export falling under section 5(3) of the CST Act, 1956. The sale of copper bush as inputs to 100 % Export Oriented Unit bears therefore no qualification or eligibility to attract Zero Rate as provided under Section 18(1) of the TNVAT Act, 2006.

6.3. However, the Copper Bush is eligible to tax @ 5 % if sold as industrial input, even to a 100 % Export Oriented Unit, as provided under Entry 67 of Part-B of First Schedule to the Act, subject to production of certificate obtained from the buyers as prescribed under rule 10(6)(b) of TNVAT Rules 2007.

7. The clarification is therefore that the **"Copper Bush", an electronic spare, is, -**

(i) taxable @ 5 % under Entry 67 of Part-B of First Schedule to the TNVAT Act, 2006, if sold as industrial input to a manufacturing unit located inside the State; or

(ii) taxable otherwise @ 14.5 % as an unclassified item under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006.

Dated this, the 23rd Day of October, 2014.

Sd/- R. Vayanaperumal,
Additional Commissioner (PR)

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

Sd/- K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To

Tvl. Swastik Enterprises,
No.1/432, 5th Street, Bharathi Nagar,
Nattamangalam Main Road,
Maniyanoor,
Salem – 636 010

Copy to

The Assistant Commissioner (CT)
Suramangalam Assessment Circle

The Joint Commissioner (CT),
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 (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)