

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING	
ACAAR No. 125/ 2013-14. (Acts Cell – II/7516/2014)	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. Prakash Gold Palace Pvt. Ltd., No.144, Purasaiwalkam High Road, Kellys, Chennai-600 010.
2. Registration Certificate No.	: TIN:33091001858 / CST:087090
3. Date of application	: 04.03.2014
4. Date of receipt of application	: 04.03.2014
5. Clarification sought for	: Rate of Tax on "Gold Bullion" Purchased from nominated Banks for Export of Gold Jewellery
6. Date of Personal Hearing	: ----
7. Represented by	: ----

ORDER

Tvl. Prakash Gold Palace Pvt. Ltd., at No.144, Purasaiwalkam High Road, Kellys, Chennai-600 010. (TIN: 330901001858), a registered dealer in Gold Bullion and jewellery in the files of Ayanavaram Assessment Circle, Chennai, 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 "**Gold Bullion**" purchased from nominated Banks for export of Gold Jewellery.

3. The applicant-dealer have stated that the Gold Bullion is procured from nominated bank without customs duty for the purpose of making jewellery for export against the declaration as per the Export Obligation. The applicant-dealers have further stated that the banks are charging VAT on such supply of Gold Bullion at 1 %. The Gold bullion for export of jewellery is pruned on the basis of the confirmed order of the overseas buyers and the export should be done within 90 days from the date of delivery of the Bullion as peer the EXIM policy. The applicant-dealers have requested that it may be clarified whether they are eligible for input tax credit or whether their purchase of gold bullion attracts ZERO rate.

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 **"Gold Bullion"** purchased from nominated banks for making Gold Jewellery for Export as per EXIM Policy.

6. The related Entry 1 of Part-A of First Schedule to the TNVAT Act, 2006 reads as extracted below:

*"Bullion, that is to say, **gold**, silver and platinum in mass and un-coined, pure or alloy and specie including palamarel silver and kora gold."*

The Gold Bullion purchased from nominated banks for making gold jewellery for the purpose of export outside the country does not fall under sub-section (1) or (3) of section 5 of the CST Act, 1956. Since the Gold Bullion purchased is converted into Gold Jewellery and then exported, the purchase of gold bullion does not attract the Zero Rate of tax as provided under Section 18 (1) of the TNVAT Act, 2006. The gold bullion purchased is therefore liable to tax @ 1 % under Entry 1 of Part-A of First Schedule to the TNVAT Act, 2006, payable to the nominated Bank, as demanded by the Bank in their invoice. Such purchases are eligible for input tax credit as provided section 9(2) of the TNVAT Act, 2006.

7. The clarification is therefore that the **"Gold Bullion" purchased from a registered dealer in Tamil Nadu is liable to tax @ 1 % under Entry 1 of Part-A of First Schedule** to the TNVAT Act, 2006; and eligible for input tax credit as specified under section 9(2) of the TNVAT Act, 2006.

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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. Prakash Gold Palace Pvt. Ltd.,
No.144, Purasaiwalkam High Road,
Kellys, Chennai-600 010.

Copy to

The Assistant Commissioner (CT)
Ayanavaram Assessment Circle.

The Joint Commissioner (CT),
Chennai (Central) 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)