

<b>PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING</b>		
<b>ACAAR No.126/ 2013-14.</b> <b>(Acts Cell – II/7517/2014)</b>		Dated 16.09.2014
<b><u>Present:</u></b>	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. Scientific Publishing Services (P) Limited, No.6 & 7, 5 <sup>Th</sup> Street, R.K. Salai, Mylapore, Chennai- 600 004.
2.	Registration Certificate No.	: TIN:33800702174/CST:790830
3.	Date of application	: 04.03.2014
4.	Date of receipt of application	: 04.03.2014
5.	Clarification sought for	: "Workstation Chairs" used in production (to operate Computers) purchased from SEZ unit within Tamil Nadu
6.	Date of Personal Hearing	: 28.05.2014
7.	Represented by	: Thiru. M.S.Viswanathan, Sr. Manager (Legal & Administration) & Authorized Representative

### **ORDER**

Tvl. Scientific Publishing Services (P) Limited, No.6 & 7, 5<sup>Th</sup> Street, R.K. Salai, Mylapore, Chennai- 600 004 (TIN:33800702174), the registered dealers in the files of Mylapore 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 "**Workstation Chairs**" used in production (to operate Computers) purchased from SEZ unit within Tamil Nadu.

3. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 28.05.2014 and the applicant-dealers were informed in writing to appear before the Authority on 28.05.2014. Thiru. M.S.Viswanathan Senior Manager (Legal & Administration) and Authorized Representative has represented the Company before the Authority on 28.05.2014 and placed the facts relating to the clarification requested. The learned Authorized Representative for the applicant-dealers has stated that they are 100 % Export Oriented Unit, intended to purchase "Workstation Chairs" from Tvl. Aster Comfort Designs Private Limited, a dealer located in Madras Export Processing Zone (MEPZ-SEZ), as capital goods for use in production i.e., to operate computers, to develop Information Technology related software and digitization of the books for e-publishing. The applicant-dealers have claimed that they are specifically exempt from payment of Central Excise Duty on purchase of excisable goods as they are being 100 % exported oriented unit. On that strength, the applicant-dealers have claimed that they may be clarified regarding the appropriate rate of tax for the "Workstation Chairs" intended to purchase from the sellers of MEPZ – SEZ.

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and the entries under Parts A and B of First and Fourth Schedules to the TNVAT act, 2006. 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 "**Workstation Chairs**" used in production (to operate Computers) purchased from SEZ unit within Tamil Nadu.

5.1. No specific entry is seen in respect of "Workstation Chairs" or "Wooden or Plastic Furniture or Furniture of all kinds".. It is being claimed by the applicant-dealers that the "Workstation chairs" are used to enable their staff to sit before the computers and to involve in development of production of software or in e-publishing of the books and therefore they are to be clarified as capital goods. The definition of "Capital Goods" under Section 2(11) of the Act does specify nothing with reference to the "furniture, so to say tables, chairs, etc" as capital goods along with the plant, machinery, equipment, apparatus, tools, appliances or electrical installation, pollution control, quality control, laboratory and cold storage equipments, moulds, dies, jigs and fixtures, refractors and refractory

materials, storage tanks and tubes, pipes and fittings. The "Workstation Chairs" intended to be purchased by the applicant-dealers are eligible to be classified as "furniture". The "Workstation Chairs" bear therefore no eligibility to be classified as capital goods under Entry 25 in Part-B of First Schedule to the TNVAT Act, 2006.

5.2. There is no Specific Entry with reference to the "furniture of any kind" in any of the Parts of First Schedule to the Act, 2006. It is therefore construed that the "furniture of any kind" would fall under residual Entry 69 of Part-C of the First Schedule, as unclassified goods. The "Workstation chairs" intended by the applicant-dealers to purchase from the said dealers in MEPZ, the Special Economic Zone All Purpose Foldable Table (Table Mate)" manufactured and marketed by the applicant-dealers, being eligible to be classified as a furniture, falling under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006, as being an item not classified in any of the schedules to the Act, attracts the levy of tax at the rate of 14.5 %.

5.3. Moreover, sale of any goods by one unit located inside SEZ to an another unit located in SEZ is liable to exemption from tax. Whereas, sale of any goods by a unit located inside SEZ to any dealer outside SEZ, i.e., in the domestic tariff area is liable to tax at the rate applicable to the commodity which involved in that sale. If the sale of goods by a unit located inside SEZ to an registered dealer outside SEZ, who happens to be an exporter or 100 % EOU, are in the course of export as specified under Section 5(1) or 5(3) of the CST Act, 1956, such sale shall be a zero rated sale as specified under section 18(1)(i) of the TNVAT Act, 2006. The Workstation chairs involved herein are neither an input for export or for processing or manufacture of the other goods for export nor capital goods used in such manufacture or processing or packing of the goods for export. Therefore, Workstation chairs intended by the applicant-dealers from the said dealer inside MEPZ, the Special Economic Zone, bear no eligibility to attract zero rate as provided under section 18(1)(i) of the TNVAT Act, 2006.

6. The clarification may therefore be that **"Work Station Chair" is a kind of Furniture taxable at 14.5 % under Entry 69 of Part-C of First Schedule to the TNVAT Act, 2006**, as being a commodity not classified in any of the Schedules to the TNVAT Act, 2006.

Dated this, the 16<sup>th</sup> day of September 2014.

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

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

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

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To

Tvl. Scientific Publishing Services (P) Limited,  
No.6 & 7, 5<sup>Th</sup> Street,  
R.K. Salai, Mylapore,  
Chennai- 600 004.

Copy to:

The Assistant Commissioner (CT)  
Mylapore Assessment Circle

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