

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.23/2016-2017**  
**Acts cell-II/14194/2016**

Dated:13.06.2018

- 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. Sahana Fashion, No. 7, Arunai Nagar, Seelanaickanpatty, Salem - 636 201.
2.	Registration Certificate No.	:	TIN : 33112765016 CST : 1039760
3.	Assessment Circle	:	Annathanpatty Assessment Circle.
4.	Date of application	:	01.06.2016
5.	Date of receipt of application	:	06.06.2016
6.	Clarification sought for	:	Rate of tax on " <b>Indigenous Silk Yarn</b> "
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

**ORDER**

Tvl. Sahana Fashion, No. 7, Arunai Nagar, Seelanaickanpatty, Salem - 636 201 (TIN 33112765016), registered dealers in the files of Annathanpatty 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-dealer have sought for clarification on the rate of tax for "**Indigenous Silk Yarn**". The applicant-dealer have stated that

they are manufacturing indigenous silk yarn in Tamil Nadu by using imported raw materials.

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. The applicant-dealer have effected import of raw materials and manufacturing "**Indigenous Silk Yarn**" in this State. As per Entry 114 of Part-B of the First Schedule to the TNVAT Act,2006, Raw silk and silk yarn imported from abroad is taxable at 5%. In the present case, the applicant-dealer stated that this silk yarn manufactured from the raw materials imported from abroad. The manufacturing process of Silk Yarn comprises cultivation of Cocoons, Filature Operations (Reeling) and finally spinning process as in the case of other natural fibers. Reeling is the process of unwinding the filament from Cocoon. Main raw material for manufacture of Silk Yarn is Cocoons of Larvae of Mulberry Silkworm. Other materials required are oil, soap, chemicals and colours. Entry 73 of Part-B of the Fourth Schedule reads as under:

*"73. Silk worm laying, cocoon **and** raw silk including indigenous raw silk and indigenous silk yarn."*

4.2 As per this entry indigenous raw silk is exempted from tax. As per the applicants statement, the manufacturing process takes place within the State of Tamil Nadu and therefore the silk yarn though manufactured from the raw materials imported from abroad, is exempt from tax liability as per entry 73 of Part-B of the Fourth Schedule to TNVAT Act, 2006.

5. In view of the above, it is clarified that "**Indigenous Silk Yarn**" is exempt from tax vide entry 73 of Part-B of the Fourth Schedule to the TNVAT Act, 2006.

Dated this the Thirteenth day of June 2018.

Sd/- M. Parameswaran,  
Additional Commissioner (PR)(FAC)

Sd/- C. Palani,  
Additional Commissioner (RP) (FAC)

Sd/- T.V. Somanathan,  
Commissioner of Commercial Taxes

To

Tvl. Sahana Fashion,  
No. 7, Arunai Nagar, Seelanaickanpatty,  
Salem - 636 201.

Copy to:  
The Assistant Commissioner (ST),  
Annathanpatty 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//

  
State Tax Officer 15/06/18