

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING	
ACAAR No. 026/ 2014-15. (Acts Cell – II/17895/2014)	Dated 16.12.2014
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. Kailash Vahan Udyog Limited, S. No.391/A-1 to 6 & 393, Kattavakkam Village, Kancheepuram Taluk & District.
2.	Registration Certificate No. : TIN: 33731643549 / CST:954656
3.	Date of application : 10.06.2014
4.	Date of receipt of application : 10.06.2014
5.	Clarification sought for : Rate of Tax on "Load Bodies" for Commercial Vehicles.
6.	Date of Personal Hearing : 21.10.2014
7.	Represented by : Thiru. S.Srikanth, VAT Consultant and Authorized Representative

Tvl. Kailash Vahan Udyog Limited, @ S.No.391 A/1 -A6 & 393, Kattavakkam Village, Kanchipuram Taluk & District. (TIN: 33731643549), the registered dealers in the files of Kancheepuram (North) Assessment Circle, fabricators of Load Bodies for Commercial Vehicles, 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 concerned with the rate of tax on **"Load Bodies" for Commercial Vehicles."**

3. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling has provided the opportunity of personal hearing on 21.10.2014. The applicant-dealers

were informed both in writing and through e-mail to appear before the Authority on 21.10.2014. Thiru. S.Srikanth, VAT Consultant and Authorized Representative of the applicant-dealers has appeared before the Authority and represented the applicant-dealers on 21.10.2014 and placed his arguments for and on behalf of the applicant-dealers.

4. The applicant-dealers have stated that they are fabricating and building "Load Bodies" and delivering the same in fully built condition for the Commercial Vehicles manufactured by M/s. Daimler India Commercial Vehicles Private Limited, Oragadam. They have claimed that the "Load Bodies" are liable to be treated as automobile parts vide Entry 49 of Part-C of First Schedule to the TNVAT Act, 2006; and however liable to be treated as "industrial input" under Entry 67 of Part-B of First Schedule to the Act, as they supplied the Load Bodies to by M/s. Daimler India Commercial Vehicles Private Limited, for use as the component of the commercial vehicles manufactured by them. In this regard, the petitioner-dealers have enclosed the relevant literature, pictorial representation, and the certificate issued by M/s. Daimler India Commercial Vehicles Private Limited in support of their claim as afore said. On that strength, it is prayed that the rate of tax applicable for Load Bodies for commercial vehicles may be appropriately clarified.

5.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and the relative entries in both 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.

5.2. The applicant-dealers have sought for clarification regarding rate of tax on "**Load Bodies**" for Commercial Vehicles.

6. The First Schedule to the TNVAT act, 2006 reveals the relative Entry 49 of Part-C of First Schedule to the TNVAT Act, 2006, which reads as under:

49. *Motor vehicle, chassis of motor vehicles, motor-cycles, motor combinations, motor-scooter, mopeds, motorettes, three-wheelers, motor vessels, motor engine, trailers, **bodies built on chassis of motor vehicles and components, spare parts and accessories thereof.***

Bodies are either built on the chassis of the vehicles or built separately at specific standard sizes and mounted on the vehicles. On either the way the bodies become the part of the vehicle in full. The Bodies built on

chassis and the body components are liable primarily to tax @ 14.5 % by virtue of the expression, "**bodies built on chassis of motor vehicles**" employed in Entry 49 of Part-C of First Schedule to the act as read above.

7. The ready built motor bodies for motor vehicles therefore eligible to be treated as 'Industrial Inputs" vide Entry 67 of Part-B of First Schedule to the TNVAT Act, 2006, which reads as extracted under:

67. *Industrial inputs, that is to say, any goods falling under Part C of this Schedule, including consumables, packing materials and labels but excluding plant and machinery, ethyl alcohol, absolute alcohol, methyl alcohol, rectified spirit, neutral spirit and cement, for use in manufacture and for use in assembling, packing or labelling in connection with such manufacture, inside the State, of goods other than those falling under Second Schedule.*

The ready built bodies for motor vehicles and its components or parts thereof, being classified one among the commodities specified under Entry 49 of Part-C of First Schedule, are liable to be treated as industrial input taxable @ 5 % on sale to any vehicle manufacturers for mounting on the chassis of such vehicles, against the Certificate issued by the buyer-manufacturer of vehicles as prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007. Here, the load bodies, since claimed to be built at the specified standard sizes and delivered to the orders of the buyers M/s. Daimler India Commercial Vehicles Private Limited, shall attract tax @ 5 % as industrial input as provided under Entry 67 of Part-B of First Schedule to the Act. Otherwise on supply to the actual users of the vehicles, the load bodies fabricated by the applicant-dealers would attract the liability to tax @ 14.5 % under Entry 49 of Part-C of First Schedule to the act.

8. The clarification is therefore as below:

(i) The ready built "**Load Bodies**" for commercial Vehicles are primarily taxable at 14.5 % under Entry 49 of Part-C of First Schedule to the TNVAT Act, 2006, on supply to the actual users of the vehicles.

(ii) The ready built "**Load Bodies**" for commercial Vehicles are taxable @ 5 % as industrial inputs on sale to manufacturers of vehicles within Tamil Nadu for mounting on the chassis of the

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vehicles, on certification by the buyer-manufacturer as prescribed under Rule 6(3)(b) of TNVAT Rules 2007.

Dated this, the 16th day of December, 2014.

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

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

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

To

Tvl. Kailash Vahan Udyog Limited,
S. No.391/A-1 to 6 & 393,
Kattavakkam Village,
Kancheepuram Taluk & District.

Copy to:
The Assistant Commissioner (CT)
Kancheepuram (North) Assessment Circle

The Joint Commissioner (CT),
Chennai (South) 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.

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//Forwarded/By order//


Additional Commissioner (PR)