

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.35/2015-16**  
**Acts cell-II/17080/2015**

Dated: 16.04.2018

**Present:** 1.Thiru. Dr. T.V. Somanathan, I.A.S.,  
Principal Secretary / Commissioner of Commercial Taxes  
2.Thiru.M.Parameswaran,  
Additional Commissioner (ST), (Public Relations)(FAC)  
3.Thiru. C.Palani,  
Additional Commissioner (ST), (Revision Petitions)(FAC)

|    |                                   |   |  |
|----|-----------------------------------|---|--|
| 1  | Name and address of the Applicant | : | Thiru. P. Murugesan,<br>Prop. of Iswarya Traders,<br>No.46, Selva Vinayagar Koil Street,<br>Vallam, Shencottah - 627 817 |
| 2. | Registration Certificate No.      | : | TIN.No. 33515703120<br>CST No. 1251810   |
| 3. | Assessment Circle                 | : | Shenkottai Assessment Circle   |
| 4. | Date of application               | : | 23-05-2015   |
| 5. | Date of receipt of application    | : | 28-05-2015   |
| 6. | Clarification sought for          | : | Rate of tax on " <b>Bunch waste -<br/>Output waste from palm oil mill<br/>-Peel of palm fruit</b> "                      |
| 7. | Date of Personal Hearing          | : | --   |
| 8. | Represented by                    | : | --   |

**ORDER**

Thiru. P. Murugesan, Prop. of Iswarya Traders, No.46, Selva Vinayagar Koil Street, Vallam, Shencottah - 627 817 (TIN. 33515703120), registered dealer in the files of Commercial Tax Officer, Shenkottai Assessment Circle, sought a clarification under Section 48-A (1) of the Tamil Nadu Value Added Tax Act, 2006, read with Rule 12-A of the Tamil Nadu Value Added Tax Rules, 2007, as to whether Bunch waste, an output waste from palm oil is taxable or

exempt. He has also requested to clarify if taxable, what is the rate of tax to be adopted?

2. As per the Form VV application, it is noticed that bunch waste is obtained from palm oil industries that are used as fuel for Tiny-Thermal Power Plant. The copy of inter-state purchase invoice revealed that the Kerala Govt. has levied 14.5% tax on the sale of Bunch waste.

3. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules 2007 and the related entries regarding the commodities classified under the First and Fourth Schedule 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.

4.1. In palm oil mills, during the conversion process of Fresh Fruit Bunches (FFB) into Crude Palm Oil (CPO), several kinds of wastes including Empty fruit Bunch (EFB), Meso Carp Fiber (MF), Palm Kernel Shell (PKS), Palm Kernel Meal (PKM) and Palm Oil Mill Effluent (POME) are produced. These wastes are still economical as they can be utilized as sources of alternative fuel, fertilizer, chemical compounds and bio-materials.

4.2. Thus it is clear that the commodity dealt is Biomass briquettes mostly made of green waste and other organic materials and are commonly used for electricity generation, heat and cooking fuel.

5.1. Under the Tamil Nadu Added Tax Act, 2006, Biomass briquettes (தாவரக் கழிவுக் கட்டிகள்) is taxable at 5% under Sl.No.17 of Part B of the First Schedule to the TNVAT Act, 2006.

5.2 Further, Products of palm industry other than those listed in the First Schedule and of article such as baskets, mats, brushes, fans manufactured out of palm leaves, coconut leaves and date leaves and thatti, koodai, muram and other products made of bamboo or cane, plamyrah fibres and stalks, dry leaves (manthara leaves, coconut thatches, korai grass and korai mats, coir, coir dusts, coir fibre, coir rope and coir husk (excluding coir products), deccan hemp fibre (excluding deccan hemp products), broomstick and thonnai are exempted from payment of VAT under Sl.No.61(i) of Part B of Fourth Schedule to the TNVAT Act, 2006.

5.3. As per the above schedule entry, the commodity enumerated under Sl.No.61(i) of Part B of Fourth Schedule specifically deals with the articles made out of palm tree, whereas, there is a specific entry for Biomass briquettes under Sl.No.17 of Part B of the First Schedule.

6. In view of the above discussion, it is clarified that **"Bunch Waste" i.e., output waste of peel of palm fruit from palm oil mills used for supply to Thermal Plant as fuel like firewood is treated as Biomass briquettes (தாவரக் கழிவுக் கட்டிகள்) and taxable at 5% as per Entry No.17 of Part B of the First Schedule under the Tamil Nadu Value Added Tax Act, 2006.**

Dated this the sixteenth day of April 2018.

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

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

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

To  
Thiru. P. Murugesan,  
Prop. of Iswarya Traders,  
No.46, Selva Vinayagar Koil Street,  
Vallam, Shencottah - 627 817.

Copy to:  
The Assistant Commissioner (ST),  
Shenkottai Assessment Circle.

The Joint Commissioner (ST),  
Tirunelveli 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**