

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.47/2015-16
Acts cell-II/19564/2015

Dated:07.02.2017

- Present:**
1. Dr. C. Chandramouli, I.A.S.,
Additional Chief Secretary / Commissioner of Commercial Taxes.
 2. Thiru. A. Sarvar Allam,
Additional Commissioner (CT), (Public Relations)(FAC)
 3. Thiru. K. Gnanasekaran,
Additional Commissioner (CT), (Revision Petitions)(FAC)

1	Name and address of the Applicant	:	Tvl. Young India Films, 1-F, Lakshmi Bhawan, 609, Mount Road, Chennai - 6000 006
2.	Registration Certificate No.	:	TIN.No. 33920460093 CST:25047
3.	Assessment Circle	:	Nungambakkam Assessment Circle
4.	Date of application	:	--
5.	Date of receipt of application	:	22-06-2015
6.	Clarification sought for	:	Rate of tax on " Educational software "
7.	Date of Personal Hearing	:	12-01-2017
8.	Represented by	:	Thiru. S. Paramasivan, Finance Manager

ORDER

Tvl. Young India Films, 1-F, Lakshmi Bhawan, 609, Mount Road, Chennai - 6000 006 (TIN.No. 33920460093), registered dealers in the files of Nungambakkam 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 Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules, 2007) on the rate of tax applicable on "**Educational software**".

2.1. The applicant-dealers sought for personal hearing and accordingly they were heard on 12.01.2017. Thiru. S. Paramasivan, Finance Manager and authorized representative of the applicants appeared for the hearing and filed written statement along with documentary evidences.

2.2. The applicant-dealers have stated that they are the suppliers of 'Digital Projectors' for ADP Machines, 'English Teaching Software' and other educational software & hardware in Chennai. They are the authorized distributor for 'Clarity English Teaching Software Programmes'. The above software are multimedia based, interactive and only PC operated & controlled software programmes which could be operated only using computers with the help of computer mouse. There are no facilities or option in their educational softwares to be operated like a pre-recorded CD and DVD to be played via regular CD/DVD players. This software's are encrypted on DVDs which could be downloaded and installed only by a license provided by the manufacturer. The applicant-dealers enclosed the brochure of the English language lab software along with the application and have requested the Authority to clarify on the rate of tax applicable on the educational softwares DVDs/CDs sold by them to distributors and educational institutions within the state and on Interstate sale with and without C-form and whether any concessional rate for Govt Dept/ Govt Ins./Govt college/ University is available to them.

3.1. This committee considered the above application and the documents filed along with the application carefully and examined the issue with reference to the Schedules and provisions of TNVAT Act, 2006, Rules made thereunder and notifications issued under the Act. The contentions raised by the Finance Manager of the firm at the time of hearing were also considered.

3.2. Entry 68(5)(d) of Part-B of First Schedule to the TNVAT Act, 2006 reads as follows:

- 68. Information Technology products as notified by the Government
- (5). IT software of ant media
- (d) Recorded and pre-recorded DVDs and CDs

The brochures furnished by the applicant-dealers reveal that the products they dealt are educational software that can be installed and operated through computers only. Hence the educational software

recorded in DVDs and CDs dealt by the applicant-dealers would fall under Entry 68(5)(d) of Part-B of First Schedule to the TNVAT Act, 2006 and thereby liable to VAT at 5%.

4. In view of the above discussion, it is clarified that "Educational Software" sold by the applicant dealers in the form of CD/DVD is liable to VAT at 5% under Entry 68(5)(d) of Part-B of First Schedule to the TNVAT Act, 2006, if sold within the State. However, Inter-State sale of the above products covered by Form-C would attract CST liability at 2% under Sec. 8(1) of CST Act, 1956 and if the inter-State sale is not covered by Form-C, the local rate of 5% is applicable under Sec. 8(2) of CST Act, 1956. There is no concessional rate of tax applicable, if the software is sold to educational institutions.

Dated this the Seventh day of February 2017.

Sd/- A. Sarvar Allam,
Additional Commissioner (PR)(FAC)

Sd/- K. Gnanasekaran,
Additional Commissioner (RP)(FAC)

Sd/- Dr.C. Chandramouli, I.A.S
Additional Chief Secretary/
Commissioner of Commercial Taxes

To
Tvl. Young India Films,
1-F, Lakshmi Bhawan,
609, Mount Road,
Chennai - 6000 006

Copy to:
The Assistant Commissioner (CT)
Nungambakkam 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, Greaves 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//

dmv
8.2.17
Commercial Tax Officer