

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.57/2016-17
(Acts Cell-II/35863/2016)

Dated:02.06.2017



- 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. Knabb Bioproducts Private Limited, New No.4/39, 1 st Main Road, Rayala Nagar, Ramapuram Chennai - 600 089
2.	Registration Certificate No.	:	TIN.No. 33906361681 CST:1138699
3.	Assessment Circle	:	Nandambakkam Assessment Circle
4.	Date of application	:	23-12-2016
5.	Date of receipt of application	:	28-12-2016
6.	Clarification sought for	:	Rate of tax on " Handmade Herbal Soap "
7.	Date of Personal Hearing	:	12-01-2017
8.	Represented by	:	Thiru. B. Balamohan Gandhi, Managing Director

ORDER

Tvl. Knabb Bioproducts Private Limited, New No.4/39, 1st Main Road, Rayala Nagar, Ramapuram, Chennai - 600 089 (TIN.No. 33906361681), registered dealers in the files of Nandambakkam 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 "**Handmade Herbal Soap**".

2.1. The applicant-dealers sought for personal hearing and accordingly they were heard on 12.01.2017. Thiru. B. Balamohan Gandhi, Managing Director appeared for the hearing.

2.2. The applicant-dealers have stated that the **Handmade Herbal Soap** does not contain any alkali or lye, as they get consumed for the saponification process. The base and active ingredients are natural and eco-friendly. The entire operation for making soap is handmade and cold process. The applicant-dealers have contended with supportive documentary evidence that the above product is a handmade soap and are classifiable under Entry 58, sub item-no.(iii) of part-B of First Schedule to the TNVAT Act, 2006 and are liable to VAT at 5%.

3.1. However, on verifying the Entries enumerated under the schedules of the TNVAT Act, there is no such Entry 58(iii) of part-B of First Schedule as claimed by the applicant-dealers for **Handmade Herbal Soap**. But Entry 58(ii) of Part-B of First schedule to the TNVAT Act, 2006 reads as follows:

"58 (ii) Scouring or cleaning powder other than branded and handmade soaps and handmade shampoos"

The above Entry holds **Handmade Herbal Soap** that are not sold as "branded" as defined under section 2(9) of the TNVAT Act, 2006. However, the "Handmade Herbal Soap" dealt by the applicant-dealers are sold under brand name "**Yo Charm**" and hence they may not be classifiable under the above Entry.

3.2. The product "Handmade Herbal Soap" is sold under brand name "Yo Charm" and hence they would fall under the residuary Entry-69 of Part-C of First Schedule to the TNVAT Act, 2006, attracting levy of tax at 14.5%.

4. It is therefore clarified that the rate of tax on "**Handmade Herbal Soap**" sold under brand name "**Yo Charm**" by the applicants fall under the residuary Entry-69 of part-C of First Schedule to the TNVAT Act, 2006 and liable to VAT at 14.5%.

Dated this the Second day of June 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. Knabb Bioproducts Private Limited,
New No.4/39, 1st Main Road,
Rayala Nagar, Ramapuram
Chennai - 600 089

Copy to:
The Assistant Commissioner (CT)
Nandambakkam 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.

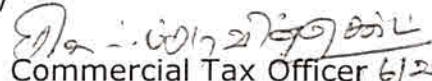
The Accountant General (Audit)-II, No.44

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//


Commercial Tax Officer 6/2017