

<b>PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING</b>	
<b>ACAAR No. 64/ 2014-15.</b> <b>(Acts Cell – II/27207/2014)</b>	Dated 24.09.2014
<b>Present:</b>	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. Sahayamatha Salterns Pvt. Ltd., No.13-A/1, Pillaiyar Koil Street, Meenakshipuram West, Tuticorin - 628 002.
2.	Registration Certificate No. : TIN: 33535840170/ CST:466330
3.	Date of application : 23.08.2014
4.	Date of receipt of application : 28.08.2014
5.	Clarification sought for : Rate of tax on "Salt for Industrial Use" on sale in the course of inter-state trade or commerce.
6.	Date of Personal Hearing : 16.09.2014
7.	Represented by : Thiru.S.Kalayanasundaram Accountant cum Authorized Representative

### **ORDER**

Tvl. Sahayamatha Salterns Pvt. Ltd., No.13-A/1, Pillaiyar Koil Street, Meenakshipuram West, Tuticorin - 628 002, (TIN:33535840170), the registered dealers in Salt for both human consumption and for industrial use, in the files of Tuticorin – II Assessment Circle, Tuticorin, 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 on the following:

Rate of tax on **Salt for industrial use** in the course of interstate trade or commerce.

3.1. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 16.09.2014 and the applicant-dealers were informed in writing to appear before the Authority on 16.09.2014. Thiru. S.Kalayanasundaram Accountant cum Authorized Representative has represented the applicant-dealer before the Authority on 16.09.2014 and placed the facts relating to the clarification sought for.

3.2. The applicant-dealers in their covering letter to their application for clarification have represented that they are manufacturers of common salt (Sodium Chloride) from sea water in their salt pans around Tuticorin. They are effecting sale of salt for both human consumption as well as for industrial use. The applicant-dealers have pointed out that the Salt for industrial use was taxable vide Entry 121 of Part-B of First Schedule to the Act from 01.01.2007 to 22.05.2007; and from 23.05.2007 onwards, salt for industrial use was exempted from tax under section 30 of the Act vide Notification No.II(1)/CTR/34(a-1)/2007 in GO. Ms. No. 107, Commercial Taxes and Registration (B2) Department dated 23.05.2007. Subsequently, the said Notification was amended by another Notification No. II(1)/CTR/50/2008 in GO.Ms. No.90, Commercial Taxes and Registration (B2) Department dated 14.10.2008, and there by the earlier exemption was repealed and again exemption was made in respect of tax payable by any dealer on sale of 'Salt for industrial use'. As of now, the common salt for both human consumption and industrial use is exempted from tax under TNVAT Act, 2006. At this juncture, the applicant-dealers have prayed that the rate of tax for 'Salt for industrial use' is to be clarified in respect of interstate sale covered by 'C' declarations or not.

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007, the relevant in the respective schedules to TNVAT act, 2006 and the Notifications in respect of the goods for which clarification regarding rate of tax has been sought for. The Clarification is given accordingly as under:

4.2. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities. The applicant-dealers have sought for clarification regarding rate of tax on **Salt for industrial use in the course of interstate trade or commerce.**



5.1. "Salt for industrial use" was liable to tax @ 5. % under Entry 121 of Part-B of First Schedule to the TNVAT Act, 2006 from 01.01.2007 to 22.05.2007. Whereas salt for industrial use was exempted from tax under section 30 of the Act with effect from 23.05.2007 vide Notification No.II(1)/CTR/34(a-1)/2007 in GO. Ms. No. 107, Commercial Taxes and Registration (B2) Department dated 23.05.2007. Subsequently, Salt for Industrial use was omitted from the list of goods notified as exempted from tax as per aforesaid notification; but another Notification No. II(1)/CTR/50/2008 in GO.Ms. No.90, Commercial Taxes and Registration (B2) Department dated 14.10.2008 has been simultaneously issued providing the exemption in respect of tax payable by any dealer on the sale of Salt for Industrial use under TNVAT Act, 2006. Thus, Salt for industrial use is grossly exempted from tax under the TNVAT Act, 2006, without any condition.

5.2. Interstate sale of a specific commodity, if covered by 'C' declaration, is taxable under section 8(1) of the CST Act, 1956 either at the prescribed rate of 2% or at the applicable rate of tax for that commodity under State Sales or VAT law, if such applicable rate is lesser than 2 %. Whereas such interstate sale if not covered by 'C' declaration is taxable under section 8(2) of the CST Act, 1956 at the applicable rate for the commodity under the State VAT law. Thus, if a commodity is taxable either at a rate lower than 2 % or exempted from tax under the State VAT law, automatically interstate sale of such commodity is liable to tax either at the rate lower than 2% or to be exempted, under both subsections (1) and (2) of section 8 of the CST Act, 1956.

5.3. The Salt for industrial use is grossly exempted by Notification issued under section 30 of the TNVAT Act, 2006. The tax chargeable on sale of 'salt for industrial use' is 'Nil'. Therefore, the sale of Salt for industrial use in the course of interstate trade or commerce attract no tax either under section 8(1) or section 8(2) of the CST Act, 1956. Accordingly, interstate sale of salt for industrial use is also eligible for exemption from tax under CST Act as under TNVAT Act, 2006.

6. It may therefore be clarified, on the basis of the above observations as below:

- (i) **Salt for industrial use is exempted from Tax under section 30 of the TNVAT Act, 2006** vide Notification No.II(1)/CTR/50/2008 in GO.Ms. No.90, Commercial Taxes and Registration (B2) Department dated 14.10.2008.

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- (ii) Salt for industrial use is also liable to exemption from tax as per the provisions under subsections (1) and (2) of Section 8 of the CST Act, 1956, on sale in the course of interstate trade of commerce.

Dated this, the 24<sup>th</sup> day of September 2014.

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

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

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

To

Tvl. Sahayamatha Salterns Pvt. Ltd.,  
No.13-A/1, Pillaiyar Koil Street,  
Meenakshipuram West,  
Tuticorin - 628 002.

Copy to:

The Assistant Commissioner (CT)  
Tuticorin -II Assessment Circle

The Joint Commissioner (CT),  
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 (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.

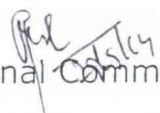
The Accountant General (Audit)-II, No.44, Greams Road, Chennai - 6.

The Additional Commissioners, Deputy Commissioners, Assistant  
Commissioners, Commercial Tax Officers in CCT's Office.

Personal Clerk to the CCT.

Stock File3 / Acts Cell-II / Spare - 5.

//Forwarded/By order//

  
Additional Commissioner (PR)