

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

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

ACAAR No.66/2016-17
Acts cell-II/7589/2017

Dated: 25.04.2018

- Present:**
1. 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 Petition)(FAC)

1	Name and address of the Applicant	:	Tvl. Ammeraal Beltech (India) Private Limited., New No.68(Old No.85) Vanagaram Road, Ayanambakkam village, Chennai - 600 095.
2.	Registration Certificate No.	:	TIN:33761350350/ CST:1051776
3.	Assessment Circle	:	Nolambur Assessment Circle
4.	Date of application	:	--
5.	Date of receipt of application	:	13-03-2017
6.	Clarification sought for	:	Rate of tax on " Conveyor Belts "
7.	Date of Personal Hearing	:	--
8.	Represented by	:	--

ORDER

Tvl. Ammeraal Beltech (India) Private Limited., New No.68(Old No.85) Vanagaram Road, Ayanambakkam village, Chennai - 600 095 (TIN: 33761350350), the registered dealers in the files of Nolambur 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

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with Rule 12-A of the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules, 2007).

2. The applicant-dealers have sought for clarification on the rate of tax on "**Conveyor Belts**". The applicant-dealers have enclosed the full particulars of the goods in Annexure I to the application and have also enclosed the brochures explaining the product details. In the brochure, it was explained that conveyor belts have their applications from breakfast to the evening newspaper, from suitcases to sports cars, almost every product is conveyed by belts at some point during its lifecycle.

3.1. The issue has been examined in detail with reference to the provisions of the TNVAT Act, 2006 and TNVAT Rules, 2007 and the related entries regarding the commodities classified under the Schedules to the TNVAT Act, 2006. Section 48-A of the TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

3.2. Belts is a loop of flexible material used to link two or more rotating shafts mechanically, most often parallel. Belts may be used as a source of motion that may include transmissions belts (to transmit power efficiently or to track relative movement). Conveyor belt is one application where the belt is adapted to carry a load continuously between various points.

3.3. Beltings are enumerated under Entry-16 of Part-B of First Schedule to the TNVAT Act, 2006 and are taxable at 5%. The entry may be wide enough to hold all variety of beltings including Transmission Belts and Conveyor belts.

3.4. In the clarification already issued by the Authority vide ACAAR No. 144-151/2013-14 (Acts Cell-II/9996-10003/2014), dated 10.07.2014, Conveyor belts are explained as follows:

"5.11. **Belt Conveyors** consist of two or more pulleys, with a continuous loop of material - the conveyor belt - that rotates about them. One or both of the pulleys are powered, moving the belt and the material on the belt forward. The powered pulley is called the drive pulley while the unpowered pulley is called the idler. There are two main industrial classes of belt conveyors; those in general material handling such as those moving boxes along inside a factory. **Flat Conveyor Belts** are rugged and sturdy. Belt Conveyors are ideally used for long assembly line operations, inspections, testing, sorting, and packing. The Belt Conveyors can be installed horizontally or aslope to meet the needs of different

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transfer lines. The belt conveyors produced and supplied by the applicant-dealers are for use in conveying the parts from one press to another or to the end of the press line."

The Authority has clarified that 'Scrap Conveyors' are clarified as taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.

4. The analysis of the applicant - dealer product and its usage described by them in the enclosed pamphlets revealed that, the commodity for which clarification sought control full value chain comprising development, manufacturing, fabrication, sales, distribution and service. Their products provide belting solutions for all industry sectors including food, airport, logistics, mail sorting, Tobacco, Paper & Print, Textiles, Wood, Tyre and Rubber, Automotive and Metal. Thus, it is seen that the entire products found to be component part or accessory of related machinery and therefore the commodity "Conveyor Belt" qualify the list of products mentioned under section 2(11) of the TNVAT Act, 2006 that defines capital goods under entry 25 of part-B of First Schedule to the TNVAT Act, 2006.

5. Hence, it is clarified that **"Conveyor Belt" is liable to tax @ 5% as capital goods under Entry 25 of Part-B of the First Schedule read with Section 2 (11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.**

Dated this the twenty fifth 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

Tvi. Ammeraal Beltech (India) Private Limited.,
New No.68(Old No.85) Vanagaram Road,
Ayanambakkam village,
Chennai - 600 095.

Copy to:
The Assistant Commissioner (CT)
Nolambur 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.

Stock File 3/ Acts Cell-II /Spare - 5.

//forwarded / by order//

D. Srinivasan 25/04/18
State Tax Officer

ST
25/04/18