

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING		
<u>ACAAR No. 78/ 2014-15.</u> (Acts Cell – II/ 30306/2014)		Dated 23.10.2014
<u>Present:</u>	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. Ramesh Exports (P) Ltd.,, D.No.94, Ramamoorthi Road, Viridhunagar.
2.	Registration Certificate No.	: TIN: 33195740350 / CST: 487760
3.	Date of application	: 20.09.2014
4.	Date of receipt of application	: 25.09.2014
5.	Clarification sought for	: Rate of Tax on "Coffee Seeds" under section 12, if exported outside the country.
6.	Date of Personal Hearing	: 14.10.2014
7.	Represented by	: Thiru. M.Mahalingam, The Manager & Authorized Representative

ORDER

Tvl. Ramesh Exports (P) Ltd.,, D.No.94, Ramamoorthi Road, Virudhunagar, (TIN:33195740350), a registered dealer cum exporter of Coffee seeds in the files of Virudhunagar-II Assessment Circle, Virudhunagar, have preferred application in Form 'VV' and sought for 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 **"Coffee Seeds" under section 12 of the TNVAT Act, 2006**, purchased from unregistered dealers and directly exported to other Countries.

3. The applicant-dealers have stated that they are purchasing Coffee beans from unregistered as well as registered dealers within the State of Tamil Nadu and exporting the same after cleaning, sorting and grading, without subjecting to any mechanical or chemical processes. Thus, the coffee beans are exported as such as purchased without any change. The applicant dealers have requested that the rate of tax on coffee beans under Section 12 of the TNVAT Act, 2006, if the coffee beans purchased from unregistered dealers would be exported directly to other countries, may be clarified.

4. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 especially with reference to section 12 of the Act and the related Entries in Schedules 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.

5. The applicant-dealers have sought for clarification regarding rate of tax on **"Coffee Seeds" under section 12 of the TNVAT Act, 2006**, purchased from unregistered dealers and directly exported to other countries.

6. The Coffee beans or seeds are enumerated under Entry 30 of Part-B of First Schedule to the TNVAT Act, 2006. Entry 30 of Part-B of First Schedule reads as under:

"Coffee beans and seeds, cocoa pod and beans and chicory."

Coffee Beans or Seeds are taxable therefore @ 5 % on sale inside the State. The clarification sought for by the applicant-dealers is in respect of the tax liability under section 12 of the Act, on purchase of coffee beans from unregistered dealers which are to be exported to other countries after cleaning and grading. Section 12 (1) of the Act reads as extracted below:

12. Levy of purchase tax.-- (1) *Subject to the provisions of sub-section (1) of section 3, every dealer, who in the course of his business purchases from a registered dealer or from any other person, any goods (the sale or purchase of which is liable to tax under this Act), in circumstances in which no tax is payable by that registered dealer on the sale price of such goods under this Act, and either -*

- (a) consumes or uses such goods in or for the manufacture of other goods for sale or otherwise; or
- (b) disposes of such goods in any manner other than by way of sale in the State; or
- (c) **despatches or carries them to a place outside the State except as a direct result of sale or purchase in the course of inter-State trade or commerce or in the course of export out of the territory of India; or**
- (d) installs and uses such goods in the factory for the manufacture of any goods, shall pay tax on the turnover relating to the purchase aforesaid at the rate specified in the Schedules to this Act.

If the circumstance specified under Clause (c) of section 12(1) is correctly understood and interpreted in such a manner, the exception available under clause (c) from the levy of purchase tax could be identified in respect of such goods directly sold in the course of interstate trade or commerce or in the course of export out of the country. In the case of applicant-dealers, the coffee beans or seeds purchased from unregistered dealers inside the State are sold directly on export to the buyers of other Countries; and would fall under the exception category of the circumstance described in Clause (c) of section 12(1) of the Act. Therefore, the purchase of coffee beans or seeds from unregistered dealers inside the State exported to other countries would not attract the liability to purchase tax at the rate of 5 % as specified under Entry 30 of Part-B of First Schedule to the Act.

7. The clarification is therefore that the **"Coffee Beans or Seeds" do not attract the liability to purchase tax under section 12 (1) read with Entry 30 of Part-B of first Schedule to the TNVAT Act, 2006, if purchased from unregistered dealers inside the State and then despatched to a place outside the State as a direct result of sale in the course of export as provided in Section 18(1)(i) of the Tamil Nadu Value Added Tax Act, 2006.**

Dated this, the 23rd Day of October, 2014.

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

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

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

4

To

Tvl. Ramesh Exports (P) Ltd.,,
D.No.94, Ramamoorthi Road,
Viridhunagar.
Copy to

The Assistant Commissioner (CT)
Viridhunagar 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)