

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

ACAAR No. 99/ 2013-14.
Acts cell – II/626/2014

Dated 16.06.2014

- Present:**
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. Shamruthi Syndicate, No.28/42, Ram Nagar First Street, Tiruppur
2.	Registration Certificate No.	:	TIN:33042305614/ CST:335312
3.	Date of application	:	06.01.2014
4.	Date of receipt of application	:	06.01.2014
5.	Clarification sought for	:	Rate of Tax for Industrial Sewing Machine Motors
6.	Date of Personal Hearing	:	12.03.2014
7.	Represented by	:	Thiru. R.Chandrasekaran, The Proprietor & Thiru. K.Bharathkumar. Advocate and Authorized Representative

ORDER

Thiru. R.Chandrasekar, the Proprietor of the business in the name and Style of M/s. Shamruthi Syndicate, No.28/42, Ram Nagar First Street, Tiruppur, (TIN:33042305614), the registered dealers in the files of Tiruppur (North) Assessment Circle, Tiruppur, manufacturing "Industrial Sewing Machine Motors" has 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 for **"Industrial Sewing Machine Motors"**.

3. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 12.03.2014 and the applicant-dealers were informed in writing to appear before the Authority on 12.03.2014. Thiru. R.Chandrasekar, the Proprietor of the business has appeared and represented before the Authority on 12.03.2014.

4. The dealer-applicant has stated that he is manufacturing the Industrial Sewing Machine Motors" specially designed with clutch assembly, tension adjusting lever, pedalling lever, mounting bed, brake shoe and cork ring so as to make the motors for use only connected with the industrial sewing machines. The dealer-applicant has also added that though the sewing machine motors are also electric motors, they bear the isolated usage only in sewing machines and cannot be put in for other general uses or in other machineries. Thus the industrial sewing machine motors are totally different from that of the conventional electrical induction motors. For the said reasons and on the basis of its features, the sewing machine motors are classifiable as sewing machine part and not under the general category of electric motors. Moreover, the industrial sewing machine motors are classified to be the integral part of swing machines as per the heading 84.52 of the Customs Tariff Act 1975. Besides, it has also been held in 1999 (112) ELT 1019 (Tri/Delhi) that electric motors of different models of industrial sewing machines will also be under Tariff Heading 84.52 of Customs Tariff Act, 1975. The dealer-applicant has also furnished a copy of transverse section diagrams of a normal electric induction motor and also an Industrial Sewing Machine Motor and described, "How does an Industrial Sewing Machine Motor differ from a normal induction electric motor?", before the authority. On the above, the dealer-applicant has pleaded that the industrial sewing machine motors may be clarified to be classifiable under the specific Entry 123 for sewing machines in Part-B of the First Schedule over the general Entry 27 for electric motors in Part-C of the First Schedule to the TNVAT Act, 2006.

5.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and Section 14 of the CST Act, 1956. The clarification is given accordingly as under:

5.2. The applicant-dealers have sought for clarification regarding rate of tax on "Industrial Sewing Machine Motors".

5.3. Entry 123 in Part-B of First Schedule to the TNVAT Act, 2006 reads, as produced below:

"Sewing machines, its parts and accessories"

6. The "Industrial Sewing Machine Motors" manufactured and marketed by the dealer-applicant is found from the diagrams showing the transverse section of both the industrial sewing machine motor and a conventional electrical induction motor that the industrial sewing machine motor is structurally and functionally different from the conventional electrical induction motor. The clutch and gear assembly, tension adjusting lever, pedalling lever, mounting bed, brake shoe and cork ring attached to the motor reveal that the industrial sewing machine motor is specially designed so as to make this motor for isolated use in industrial sewing machine as its prime component part. As correctly pointed out by the dealer-applicant, the sewing machine motor, despite also being an electric motor, it bears special design and structure for its usage only in industrial sewing machines and cannot therefore be put in for other general uses or in other machineries. Thus the industrial sewing machine motors are totally different from that of the conventional electrical induction motors, in structural and functional features and acquire the qualities to be classifiable as an essential component part of industrial sewing and not under the general category of electric motors. Moreover, the industrial sewing machine motors are classified to be the integral part of swing machines as per the heading 84.52 21 20 of the Customs Tariff Act 1975. Besides, it has also been held Central Excise, Customs and Gold Tribunal, Delhi in the case of Sahi Export House vs. Collector of Customs reported in 1999 (112) ELT 1019 that electric motors of different models of industrial sewing machines will also be under Tariff Heading 84.52 of Customs Tariff Act, 1975. Thus, the Industrial sewing machine motors manufactured by the dealer-applicant are more qualified to be classifiable under the specific Entry 123 in Part-B of first Schedule with the description, **"Sewing Machines, its parts and accessories"** than to be under the Entry 27 in Part-C of First Schedule with the description, *"Electric motor, spare parts and accessories"*. On the forgoing observations, it is construed that the Industrial Sewing Machine Motors would fall under Entry 123 of Part-B of first Schedule to the TNVAT Act, 2006.

7. The clarification is therefore that, **"Industrial Sewing Machine Motors" is liable to tax at the rate of 5 %** as an integral part of industrial sewing machine as it would fall **under Entry 127 with the description, "Sewing machines, its parts and accessories" of Part-B of First Schedule** to the TNVAT Act, 2006.

Dated this the 16th day of June, 2014.

R. Vayanaperumal,
Additional Commissioner (PR)

K. Mahalingam,
Additional Commissioner (RP)

K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To
Tvl. Shamruthi Syndicate,
No.28/42, Ram Nagar First Street,
Tiruppur

Copy to:
The Assistant Commissioner (CT)
Tiruppur (North) Assessment Circle

The Joint Commissioner (CT),
Coimbatore 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)