

COMMERCIAL TAXES DEPARTMENT

From

**THIRU T. JACOB, I.A.S.,**  
Commissioner of Commercial Taxes,  
Chepauk, Chennai-5.

To

Tvl. Hindustan Unilever Limited  
Pond's House,  
101, Santhome High Road,  
Chennai 28

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Lr. No. VAT Cell /44129 /2007 (VCC No.1191 ) dated 5.9.2007

Sir,

Sub: TNVAT ACT, 2006 –Certain clarification under TNVAT Act 2006 for commission agency transaction - requested - regarding.

Ref: Letter dated 9.8.207 from Hindustan Unilever Limited

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Tvl. Hindustan Unilever Limited, Chennai 28 have requested rate of tax clarification under the TNVAT Act 2006 for commission agency transaction.

The question as to whether the transaction in a particular case is a sale or contract of agency is a mixed question of fact and law and it must be investigated with reference to the materials placed by the dealers. An agent can buy goods on behalf of another principal to whom he may be a purchasing agent or purchase them for his own business. Such a dual capacity of an agent is common in business and not repugnant to the principle of agency.

In the case on hand the principal, the petitioner has not directed the other State branches to send the goods direct to the agent and collect the form 'F' from the petitioners. They have not given any evidence to the effect that the goods were sent direct to their agents to avoid transportation cost and on condition that the entire transaction between the other State branches and the agents of the petitioner are accounted by them, payments etc., made by them and 'F' form for these despatched to the agents were filed by them only. The very fact that 'F' forms were to be submitted by the agents to the other State branches reveals that these transactions are done by the agents in their individual capacity as purchasing agents for other State branches.

On the form 'F' purchases effected independently by the agents, they have to pay the tax at their end only.

Sd./ S.Murugan,  
For Commissioner of Commercial Taxes

Copy submitted to the Secretary to Government,  
Commercial Taxes and Registration Department, Chennai-9.

// Forwarded/ By Order //

COMMERCIAL TAX OFFICER (VAT)