

COMMERCIAL TAXES DEPARTMENT

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

To
Tvl. Celebrity Fashions Limited,
No. 107-A, GST Road, Chrompet,
Chennai – 600 044.

Lr. No. VAT Cell / 40788/ 2007 (VCC No. 1226), dated 17.9.2007.

Sir,

Sub: TNVAT Act, 2006 – Certain clarification under TNVAT Act 2006 requested by Tvl. Celebrity Fashions Limited, Chennai – Regarding.

Ref: Letter dated 19.7.2007 from Tvl. Celebrity Fashions Limited, Chrompet, Chennai-44.

Tvl. Celebrity Fashions Limited, Chrompet, Chennai-44 have requested certain clarifications under TNVAT Act, 2006 and they are clarified as follows:

1.	On procurement of raw materials and packing materials, some of our suppliers charge VAT on their bill. Since our unit is situated in SEZ, is VAT applicable?	Sale of goods to any registered dealer located in SEZ is zero rated
2.	Same way we purchase spares items like sewing machines spares, washing machine spares, boiler spares for maintenance of our machineries used for manufacturing activity in MEPZ/SEZ unit. Is VAT applicable?	Purchase of spares for maintenance of their machineries is liable to tax under TNVAT Act.
3.	We also have a canteen facility for our workers and staff at our SEZ unit. For this we have entered into an agreement with service provider for supplies of foods to workers and staff. Basic infrastructure facility such as kitchen, water, vessels to run the canteen is being provided by us. The service provider prepares food at our canteen and bill for the same. They are charging VAT on their supplies of	Charging of VAT on the supply of food is correct and you are not eligible to claim input tax credit, as the same is not made for trading purpose

	food. Is VAT applicable to this? If yes, are we eligible for input tax credit .	
4.	Whether VAT exemption is allowable on the purchase of capital goods other than for direct manufacturing process.	The goods purchased other than for direct manufacturing process is liable for tax under TNVAT Act for which you are not entitled any input tax credit as industrial inputs.

Sd./ G. Shanmugam,
For Commissioner of Commercial Taxes

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

// Forwarded // By Order //

COMMERCIAL TAX OFFICER (VAT)