

COMMERCIAL TAXES DEPARTMENT

From

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

To

Tvl. Surya Processing Mills Ltd,
Kalingarayanpalayam,
Erode 638 009

Lr. No. VAT Cell / 38573/ 2007 (VCC No.1233), dated 17.9.2007.

Sir,

Sub: TNVAT Act, 2006 – Rate of tax clarification under
TNVAT Act 2006 for Dyeing Process – requested -
Regarding.

Ref: Letter dated 11.4.2007 from Tvl. Surya Processing Mills
Ltd

Tvl. Surya Processing Mills Ltd have requested certain clarification under the
TNVAT Act, 2006 for dyeing process.

Query	Reply
A) As per section 4 (1) of VAT Act 2006 on the deemed sales value of materials involved in Dyeing Process whether they are eligible to avail Input tax credit towards local purchases	Yes. The dealers are eligible for Input tax credit on local purchases specified in I Schedule to the extent of output tax paid or payable
B) Section 6 works contract They are not eligible for Input tax credit. But, whether they can collect tax from the contractors	The dealer's view is not correct. The dealers paying tax under section 5 (1) are eligible to collect tax. Dealers paying tax under compounding system are not eligible to collect tax.

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)