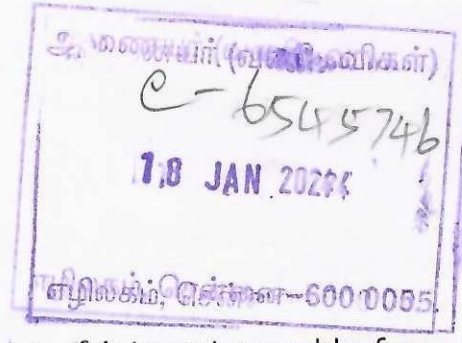




ABSTRACT



Waiver - Commercial Taxes Department - Waiver of interest payable for the belated payment of tax arrears by Tvl.Bright Spinners Private Limited as per the Deferral Scheme under the erstwhile Tamil Nadu General Sales Tax Act, 1959 and Central Sales Tax Act, 1956 - Orders - Issued.

Commercial Taxes and Registration (D2) Department

G.O. (2D) No.6

Dated:11.01.2024

சோபகிருது, மார்கழி -26.

திருவள்ளூர் ஆண்டு, 2054.

Read:

1. Tvl.Bright Spinners Private Limited, Madurai order dated 22.10.2003 in BIFR case No.38/2001.
2. Representation dated 23.09.2020, received from Tvl.Bright Spinners Private Limited, Madurai.
3. From the Principal Secretary /Commissioner of Commercial Taxes Letter No.V&A5(Q-2)/633/1988, dated 07.10.2020 and 15.11.2021.
4. Government Letter No.8471/D2/2021-5, Commercial Taxes and Registration Department, dated 09.03.2022.
5. From the Principal Secretary /Commissioner of Commercial Taxes Letter No. V&A-5(Q2)/633/2016, dated 04.05.2023.
6. Minutes of the meeting of the Waiver Committee held on 19.06.2023.

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ORDER

During the years 1995-1996 to 1998-1999, Tvl.Bright Spinners Private Limited, Madurai had availed IFST deferral benefit to the extent of Rs.48,62,447/- under Tamil Nadu General Sales Tax Act, 1959 and Rs.25,949/- under Central Sales Tax Act, 1956. The repayment of the deferral dues were scheduled as follows:-

- A. October 2000 to March 2001(1995-1996 dues)
- B. September 2001 to March 2002 (1996-1997 dues)
- C. August 2002 to March 2003 (1997-1998 dues)
- D. September 2004 to March 2005 (1998-1999 dues)

2. Before making reference to the Board for Industrial Finance and Reconstruction (BIFR), the dealer paid an amount of Rs.3,51,562/- as their first repayment due started in the month of October 2000. While the actual tax due payable in the month of October 2000 was Rs.3,64,552/-, they had paid only Rs.3,51,562/- and hence the violation of Deferral agreement took place at this point and there was a balance of Rs.12,990/- as per the agreement entered for the said period.

3. Subsequently, Tvl.Bright Spinners Private Limited was declared as sick unit by the Board for Industrial Finance and Reconstruction with effect from 20.07.2001 (BIFR Case No.38/2001) and Board for Industrial Finance and Reconstruction, in its order 1st read above, sanctioned a scheme wherein, among others, it was observed as follows:-

"(iv) Government of Tamil Nadu, Commercial Tax Department.

To consider accepting repayment of IFST dues of Rs.45.25 lacs in 66 monthly instalments at Rs.0.87 lacs each from October, 2003 to March 2004 and at Rs.067 lacs each from April 2004 onwards with Nil interest."

4. In the BIFR directions, it was suggested to consider accepting the repayment of IFST due of Rs.42.25 lakhs in monthly installments at Rs.87,000/- per month from October 2003 to March 2004 and Rs.67,000/- per month from April 2004 onwards with NIL Interest. As the order of BIFR is not mandatory and only suggestive one for the reasons the expression used was to 'CONSIDER' and it is for the Government to take a decision whether to consider or not, the Principal Secretary/Commissioner of Commercial Taxes informed that there is no provision in the Tamil Nadu General Sales Tax Act, 1959 to waive the interest for the belated payment of arrears and that the BIFR was requested to reconsider the package so as to include the levy of interest on the quantum of repayment as detailed below:-

Year of IFST Deferral availed	Repayment Year due on	Interest due thereon
1995-1996	2000-2001	11,77,309.00
1996-1997	2001-2002	5,74,194.00
1997-1998	2002-2003	2,23,011.00
1998-1999	2003-2004	1,15,445.00
Total		20,89,959.00

5. However, the BIFR was wound up following repeal of Sick Industrial Companies Act in 2016 and the residual cases were transferred to National Company Law Tribunal. In the meantime, the garnishee orders were issued for recovery of the interest dues of Rs.20,89,959/- and there had been no progress in collection of the interest dues. The dealer, Tvl.Bright Spinners Private Limited had been making representations for withdrawing the garnishee order. Thus, though there may be scope for collecting the interest from the dealer due to attachment of the property, it is not possible to collect the interest without getting approval from the BIFR as the board is not existing now. Also, as it is not possible to obtain any order from National Company Law Tribunal, the Principal Secretary/Commissioner of Commercial Taxes has stated that there is no other way except to implement the order of the BIFR.

6. In this case, as the dealer had violated the repayment of Government loan and as per the agreement for deemed repayment of deferral sale tax pre-loaning and recovery of loan, the dealer is liable to pay interest at 24% per annum. The Principal Secretary/Commissioner of

Commercial Taxes furnished the following revised working for the interest payable by the dealer:-

Sl.No	Year	Deferral (Rs.)	Interest Due (Rs.)
1	1995-1996	19,69,179	40,88,065
2	1996-1997	13,01,619	29,79,209
3	1997-1998	11,11,176	26,85,147
4	1998-1999	5,21,128	12,59,626
Total		49,03,102	1,10,12,046

7. Accordingly, the Principal Secretary/Commissioner of Commercial Taxes sent proposals to Government in the reference 3rd read above to waive the interest amount of Rs.1,10,12,046/- payable by the dealer for the years 1995-1996, 1996-1997, 1997-1998 and 1998-1999 under the erstwhile Tamil Nadu General Sales Tax Act, 1959 and Central Sales Tax Act, 1956.

8. The Principal Secretary / Commissioner of Commercial Taxes was requested to place the above proposal before the Waiver Committee for its recommendations in the Government letter 4th read above. The Waiver Committee, in its meeting held on 19.06.2023, agreed to the proposal to waive a sum of Rs.1,10,12,046/- (Rupees one crore ten lakhs twelve thousand and forty-six only) towards interest payable by Tvl. Bright Spinners Private Limited, Madurai for the belated payment of tax arrears under the Deferral Scheme for the years 1995-1996, 1996-1997, 1997-1998 and 1998-1999 under the erstwhile Tamil Nadu General Sales Tax Act, 1959 and Central Sales Tax Act, 1956 in the reference 6th read above.

9. The Government, after careful examination, have decided to accept the recommendations of the Waiver Committee and in exercise of the powers conferred under item 7 of Appendix 21 of Chapter XII of the Tamil Nadu Financial Code Volume-II, the Government waive a sum of Rs.1,10,12,046/- (Rupees one crore ten lakhs twelve thousand and forty-six only) towards interest payable by Tvl. Bright Spinners Private Limited, Madurai for the belated payment of tax arrears under the Deferral Scheme for the years 1995-1996, 1996-1997, 1997-1998 and 1998-1999 under the erstwhile Tamil Nadu General Sales Tax Act, 1959 and Central Sales Tax Act, 1956 as shown in the tabulation in paragraph 6 above.

10. This order does not require the concurrence of the Finance Department vide its G.O.(Ms.)No.334, Finance (BG-I) Department, dated 22.10.2022.

(By Order of the Governor)

B.JOTHI NIRMALASAMY
SECRETARY TO GOVERNMENT.

To

✓ The Commissioner of Commercial Taxes, Chennai-5.
The Joint Commissioner (ST) concerned,
The Accountant General (Accounts & Entitlements), Chennai-18.
The Accountant General (Audit), Chennai-18.

Copy to:

The Hon'ble Chief Minister Office, Chennai-9.

The Special Personal Assistant to Minister (Finance and Human Resources Management), Chennai-9.

The Special Personal Assistant to Minister (Commercial Taxes and Registration), Chennai-9.

The Private Secretary to the Secretary to Government, Commercial Taxes and Registration Department, Chennai-9.

The Finance (Revenue/Resources) Department, Chennai-9.

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//Forwarded by Order//


SECTION OFFICER 18/1/24