

PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES, KERALA
THIRUVANANTHAPURAM.

PRESENT : SUMAN BILLA, I.A.S.

Sub :- KVAT Act, 2003 - Clarification U/s 94 - Rate of tax on Banarice -
Orders issued.

Read :- Application from M/s. Banatone Food Industries, Thiruvananthapuram
dtd. Nil

ORDER No.C3/22504/11/CT DATED 31/5/2012.

1. M/s. Banatone Food Industries, Thiruvananthapuram has preferred an application U/s 94 of the Kerala Value Added Tax Act, 2003, seeking clarification on the rate of tax on the commodity Banarice.

2. The applicant would contend that the ingredients of Banarice are dehydrated natural banana powder and rice powder. The applicant would further contend that they are not adding any colours, flavours or any vitamins or nutrients so that its originality as a natural product is retained. The applicant has requested to clarify the rate of tax of the commodity.

3. The Chief Executive Officer of the applicant was heard in the matter and the contentions raised were examined.

4. Since the members of the Authority for Clarification could not arrive at a unanimous decision, the matter was referred to the Commissioner, as envisaged in the statute.

5. The commodity Banarice is neither banana powder nor rice powder, it is a mixture of the two and is an entirely distinct commodity. Consumers buy the commodity Banarice with an intention to use it as a food supplement for feeding infants. Its packaging and marketing would clearly show that it is intended to be used as a food supplement.

6. The commodity Banarice does not have any similarity with the description of the goods specified in Entry 49 of the Third Schedule to the Act and hence it cannot be included within the said entry.

7. None of the entries in any of the Schedules to the Act is suitable for incorporating the commodity Banarice.

8. In view of the facts stated supra, it can safely be concluded that the commodity Banarice which is a mixture of banana powder and rice powder would be taxable at the rate of 12.5% (13.5% w.e.f. 1/4/2012).

The issues raised above are clarified accordingly.

COMMISSIONER

To,

M/s. Banatone Food Industries,
Plot No. 16 & 17, IDA, Veli,
Thiruvananthapuram – 695 021.