

No.C7/14063/06/CT

Office of the Commissioner  
Commercial Taxes  
Thiruvananthapuram  
Dated 10-03-08

**CIRCULAR No. 10/08/CT**

Sub: Restricting exemption from tax for handmade safety matches as per legislative intent – Instructions issued - reg.

As per Entry No.23 of the First Schedule to the KVAT Act, 2003 handmade safety matches are exempted from tax. The legislative intent is to afford some protection to the handmade match making units which are employment-intensive and to help them hold their own in the market against machine-made matches.

Enquiry however reveals that there is today no surviving handmade match making unit in Kerala. Almost all the 465 units registered as Khadi and Village Industrial Units and 280 units registered with the Directorate of Industries and Commerce are engaged in the production of only splints (match sticks). None of these units can achieve an annual turnover of even Rs.25 lakhs by purely manual methods of match making.

On the other hand, some manufacturers are selling matches which are partially machine made, claiming tax exemption on the pretext that they are handmade safety matches. It is a fact that some States are giving exemption to handmade safety matches including partially machine-made safety matches, but in Kerala exemption is intended only for purely handmade matches, and so the exemption granted by such States for partially handmade matches will not entitle them to exemption in Kerala.

All officers are directed to examine consignments from this view point before allowing exemption claimed by the dealer.

Commissioner

Commercial Taxes.