

C4-64530/03/CT

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated: 10.05.05

CIRCULAR.NO.8/2005

Sub:- KGST Act 1963 – Sales tax exemption generator manufacturing units and entry tax on the import of generator in unassembled form – reg.

The industrial units that manufacture generators are eligible for Sales tax exemption subject to the provisions and conditions stipulated in SRO.1729/93 and 1092/99. As the said SRO's only those units that actually manufacture generators by themselves are eligible for the tax exemption.

But it has been brought to the notice of the Commissionerate that some units are importing engines and alternators from outside the state or from other units and assemble them to form generators and claim exemption. Though generator is essentially made by assembling engine and alternator, no manufacturing activity is involved, so as to be eligible for exemption under the aforesaid SROs and so exemption if any granted to any such industrial units on such activities require suitable revision.

Further, since no manufacturing element is there in assembling the engine and alternator to form a generator, if the said items are imported together by a dealer, it can squarely be classified under the entry 'generator' in an unassembled form, for the purpose of levying entry tax.

So all Deputy Commissioners are directed to go through the assessment files of those units, which are availing sales Tax Exemption on the manufacture of generators and see that only those units who are actually manufacturing generators in their units are availing such exemption. In cases of those units who managed to get sales tax exemption by misrepresenting facts, may be proceeded against and urgent steps are to be taken for cancellation of such orders and reassess their tax liability and proceed to collect the demand so created.

The receipt of the circular shall be acknowledged.

Sd/-
COMMISSIONER