

**DEPARTMENT OF COMMERCIAL TAXES, KERALA
PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION
U/S.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.**

Members present are:

1. R. Rajasekharan Nair, Deputy Commissioner (Audit & Inspection), O/o.CCT, Tvpm.
2. A. Ashok Kumar, Deputy Commissioner (Internal Audit), O/o.CCT, Tvpm.
3. K.M.Althaf, Deputy Commissioner (Intelligence), O/o.DC(Int.), Tvpm.

Sub: KVAT Act, 2003 – Clarification U/s.94 – Rate of tax on Dessicated Coconut Powder-Orders Issued.

Ref: 1. Application from M/s Preethy Coconut Products, Palakkad.
2. Judgment of the Hon'ble High Court of Kerala in WP (C) No.23904 of 2009 dated 20/8/2009.

ORDER No.C3/19953/09/CT DATED 19/1/2010.

1. M/s Preethy Coconut Products, Palakkad has preferred an application U/s 94 of the Kerala Value Added Tax Act 2003 seeking clarification on the rate of tax on Dessicated Coconut Powder.

2. The applicant is a producer of dessicated coconut powder. The applicant purchases coconut from local growers and processes the same and sells as dessicated coconut powder. The processing of the coconut is as follows:

Fresh coconut is de-husked and de-shelled manually and then the same is pared using scrapers to remove testa. The pared coconut is cut open and drained out the water and grated coconut is obtained. The grated coconut is dried and dessicated coconut is obtained. It is then powdered for transportation.

3. The applicant contends that from the above it can be seen that by dessicating only the water content is removed and all other properties of the raw coconut/copra are retained. And for end users for all purposes dessicated coconut is used as coconut. To the dessicated coconut, water is added it will get the same properties of wet coconut.

4. The applicant further contends that theirs is a small scale industry and except for drying of coconut all other processing are done manually. The MNCs produce the coconut powder by spraying milk and sugar and other materials on the dessicated coconut powder and the nature of the product is different from that of the applicant's product.

5. The applicant has referred the judgment of the Hon'ble High Court of Karnataka reported in 1980 STC 404 and contends that the Court has declared that dessicated coconut and coconut are one and the same and this view was upheld by the Hon'ble Supreme Court.

6. The applicant has requested to clarify the rate of tax on Dessicated coconut powder.
7. The applicant was heard and the contentions raised were examined.
8. Entry 23 of the Third Schedule to the KVAT Act 2003 reads as follows:

23 Coconut products including coconut powder (other than sweets and confectionery and those not specifically included under any other item in this Schedule)

<i>1 Dessicated coconut</i>	<i>0801.11.00</i>
<i>2 Other coconut products</i>	<i>0801.19.90</i>

9. Accordingly, Dessicated coconut powder would be taxable at 4% vide Entry 23 (1) of the Third Schedule to the Kerala Value Added Tax Act, 2003.

The issues raised above are clarified accordingly.

Deputy Commissioner (A&I)
O/o CCT

Deputy Commissioner (IA)
O/o CCT

Deputy Commissioner (Int)
O/o DC (Int), Tvpm.

To,

M/s Preethy Coconut Products,
Thanissery P.O, Palakkad – 678 501