

**13. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,
THIRUVANANTHAPURAM**

PRESENT : P. MARA PANDIYAN, I.A.S.

Sub:- KVAT Act 2003- Clarification U/s. 94- Rate of Tax on Paper Cover-
Orders Issued- Reg:

Read:- Application from M/s. K.P.Paper Industries, Changanacherry Dt.
22.04.08

ORDER No.C3.17405/08/CT Dated.27..04..2008

1.M/s. K.P.Paper Industries, Changanacherry has put in an application U/s. 94 of KVAT Act 2003, seeking clarification on the rate of tax on “Paper Cover”

2. The applicant is a Small Scale Industrial Unit manufacturing paper cover. The raw material used in the manufacture is paper rolls. Products of the unit are paper covers of various sizes mainly used by textile shops, bakeries and medical shops for packing their commodities. In many cases the applicant supplies the cover after printing the address of the parties concerned at their request.

3. The applicant is selling the product at 0 % rate vide entry 35 A of the 1st schedule of KVAT Act 2003. The tax authorities has raised the opinion that paper covers attract VAT @ 4 %.

4. The applicant has requested to clarify the same. The authorised representative was heard and the sample produced was examined.

5. Entry 35A of KVAT Act 2003, reads Paper bags. The legislative intent in bringing the said item in the 1st Schedule of the Act was to promote the use of paper bags in place of plastic carry bags for a sustainable environment. The item manufactured by the applicant will not come under entry 35A of 1st schedule of KVAT Act 2003 as it refers to paper bags meant for use instead of plastic carry bags.

6. The entry 96(18) Paper envelopes whether printed or not, pulp moulded products such as eggs tray and other paper products sub entry (a) of the 3rd schedule of KVAT Act, 2003 reads Envelopes with HSN code 4817.10.00. The item manufactured by the applicant will come under the said entry.

7. Therefore the item “Paper cover” manufactured by the applicant will come under the entry 96(18)(a) with HSN Code 4817.10.00 of the 3rd schedule of KVAT Act 2003 and is taxable at 4 %.

The point sought for is clarified accordingly.

Commissioner