

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. V.K. Abdul Jabbar, Joint Commissioner (General), O/o. CCT, Tvpm.
2. T.V. Kamala Bai, Joint Commissioner (Law), O/o. CCT, Tvpm.
3. S.K. Suchala Kumar, Joint Commissioner (Audit & Inspection), O/o. CCT, Tvpm.

Sub :- KVAT Act, 2003 - Clarification U/s 94 - Rate of tax on Polyol bearing
HSN Code 3907.20.10 - Orders issued.

Read :- Application from M/s. Sagar Agencies, Kannur dtd. 11/6/2010.

ORDER No.C3/21113/10/CT DATED 13/4/2012.

1. M/s. Sagar Agencies, Kannur 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 Polyol bearing HSN Code 3907.20.10.

2. The applicant is borne on the rolls of Office of the Assistant Commissioner (Assessment), Special Circle, Kannur and is effecting interstate purchases of Polyol from Dow Chemical International Pvt. Ltd, Kancheepuram, Tamil Nadu.

3. The applicant contends that Polyol is an industrial input which is used as a raw material by manufacturing industries. The applicant has submitted a copy of the Invoice and would further contend that the commodity Polyol falls in the Central Excise Tariff classification 3907.20.10 and is included under *other polyethers*. The applicant has referred Entry 118(7) of the List A of the Third Schedule to the Kerala Value Added Tax Act, 2003 and contends that *other polyethers* falls in the said entry. The applicant would further contend that the HSN Code 3907 is given against Entry No. 118(7) of the List A of the Third Schedule to the Act. The applicant has referred the Rules of Interpretation appended to the Schedules and contends that the four digit HSN 3907 shall include all other commodities coming under that Head of the HSN. Hence the commodity Polyol would be taxable at 4%.

4. The applicant has also referred the Order No. C3/18722/08/CT dated 4/11/2009 wherein the Authority for Clarification had held that '*the commodity Polyols (Resin) with HSN Code 3907.20.90 would be taxable at 4% vide Entry 118(7) of List A of Third Schedule to the Kerala Value Added Tax Act 2003*'.

5. The applicant has requested to clarify the rate of tax of the commodity.

6. The authorised representative of the applicant was heard in the matter and the contentions raised were examined.

7. The four digit HSN 3907 is a broad category and it is included in the List A of the Third Schedule i.e. *Industrial Inputs and Packing Materials*, vide Entry 118(7) of List A of the Third Schedule to the Kerala Value Added Tax Act, 2003 which reads:

118 Plastic granules, plastic powder and master batches

(7) *Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallylesters and other polyesters, in primary forms* 3907

8. The commodity Polyol bearing the HSN Code 3907.20.10 is a sub-category of the HSN Code 3907.

9. In view of the Rules of Interpretation of Schedules and also the facts cited supra, it is clarified that the commodity Polyol bearing the HSN Code 3907.20.10 would be taxable at the rate of 4% as on the date of the application, vide Entry 118(7) of the List A of the Third Schedule to the Kerala Value Added Tax Act, 2003.

The issues raised above are clarified accordingly.

V.K. Abdul Jabbar
Joint Commissioner (General)
O/o CCT

T.V. Kamala Bai
Joint Commissioner (Law)
O/o CCT

S.K. Suchala Kumar
Joint Commissioner (A&I)
O/o CCT

To,
M/s. Sagar Agencies,
Netaji Road,
Kannur.