

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. *Abdul Jabbar.V.K, 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 - Paying VAT on compounding basis on bakery products and cooked food - Orders issued.

Read :- Application from M/s. Ambrosia The Classic Bake House, Trivandrum dtd. 21/6/2010.

ORDER No.C3/22091/10/CT DATED 12/3/2012.

1. M/s. Ambrosia The Classic Bake House has preferred an application U/s 94 of the Kerala Value Added Tax Act, 2003, seeking clarification on the payment of tax on compounding basis on bakery products and cooked food.

2. The applicant is running a bake house in the name and style of Ambrosia The Classic Bake House and is engaged in selling, serving of bakery products, cooked food and beverages. The applicant contends that the sale of cooked food constitute a large portion of their sales, and hence they would like to remit tax on compounding basis.

3. The applicant has requested to clarify whether they can apply for compounding.

4. The Managing Partner of the firm was heard in the matter and the contentions raised were examined.

5. The applicant is well known for their bakery products on which their trade goodwill rests. The applicant's claim that cooked food constitute major item of their sales is unsubstantiated.

6. In an identical issue, where the question for consideration before the Authority for Clarification was whether the applicant thereto was eligible to avail the facility to pay tax at compounded rates U/s 8 (c) (i) of the Act, the Authority for Clarification vide order No. C3/36782/11/CT dated 10/2/2012 had held that:

Separate entries in the Schedules mean that cooked food in sub-clause (i) of clause (c) of section 8 of the Kerala Value Added Tax Act, 2003 cannot be interpreted as including bakery products. The legislative intention is clear regarding the compounding option for cooked food as provided in sub-clause (i) of clause (c) of section 8 of the Kerala Value Added Tax Act, 2003. Hence, it is clarified that there is no compounding option for bakery products within the ambit of sub-clause (i) of clause (c) of section 8 of the Kerala Value Added Tax Act, 2003.

7. In view of the facts cited supra, it is clarified that the applicant is not eligible for compounding under sub-clause (i) of clause (c) of section 8 of the Kerala Value Added Tax Act, 2003.

The issues raised above are clarified accordingly.

Abdul Jabbar.V.K.
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. Ambrosia The Classic Bake House,
Krishna Towers,
Bakery Junction, Thiruvananthapuram - 695 001.