

**38. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL
TAXES THIRUVANANTHAPURAM**
Present:- Paul Antony. IAS

Sub:- KVAT Act 2003- Clarification U/s. 94-Supply and installation of kitchen cabinets- Eligibility to Pay compounded tax U/s 8(a)(ii) of the KVAT Act 2003- Clarified- orders issued-Reg:

Read:- 1.Application from M/s. Orchid Designs Pvt Ltd, 28/877A, KP.Vallam Road, Kadavanthara,Kochin

ORDER No.C3.6272 /07/DT .03.07.07

An application has been preferred under section 94 of KVAT Act by M/s. Orchid Designs Pvt Ltd. Cochin seeking clarification on the following points.

- (1) The nature of works contract carried out by the petitioner in the supply and installation of Kitchen cabinets as per the specific works orders issued by customers after considering the nature of work being done by the petitioners.
- (2) Whether the petitioner is eligible to pay compounded tax of 4% u/s.8(a)(ii) of KVAT Act 2003 for the work.

The authorised representative was heard. According to the applicant they were undertaking the business of supply and installation of Kitchen cabinets as per specific orders of customers and the nature of work executed by them is 'works contract' where the transfer of goods takes place not in the form of goods but in some other form and are hence entitled to compounding under section 8(a)(ii) of the said Act.

The contentions were examined in detail with reference to the statutory provisions.

In the instant case, upon getting orders from the customers for supply and installation of Kitchen cabinets, the raw materials required for the manufacture of Kitchen cabinet are procured from outside the State, and cabinets are manufactured as per the specification given by the customer and subsequently supply and installation of the Kitchen cabinets effected in the space earmarked by the awarder in his property. In such a situation the supply of the material would be in the form of goods and the connected work if any will be incidental to the supply and so would attract tax under section 6(1)(e) of the Act.

Since the supply is in the form of goods, the applicant will not be eligible for compounding U/s.8(a)(ii) of KVAT Act.

The points raised are clarified accordingly.

Sd/-
Commissioner.