

5. PROCEEDINGS OF THE COMMISSIONER OF  
COMMERCIAL TAXES THIRUVANANTHAPURAM

Present:- Paul Antony. IAS

Sub:- KVAT Act 2003- Clarification U/s. 94- Rate of tax- Reg:

Read:- Application put in by The Betel nut Manufacturers  
Association, Tamil nadu.

ORDER No.C3.25772/07/CT Dt. 14.01.08

The Betelnut Manufacturers Association has preferred an application U/s. 94 of KVAT Act seeking clarification on the rate of tax applicable to Scented Arecanut.

The applicant was given an opportunity of being heard and the contentions raised were examined in detail.

It was argued that Supreme Court judgment holds that scented betel nut is not manufacture so that schedule rate for arecanut/ betelnut should govern scented betelnut.

The judgment in question referred to by the applicant, ie. Crane Betel Nut Powder Works Vs Commissioner of Customs and Central Excise is distinguishable in the context of clarification U/s. 94 with reference to the rate of tax.

The judgment in question was delivered in the context of examining the term "manufacture" with reference to Central Excise Tariff Act for the purpose of levying Excise duty. Every statute has to be interpreted with reference to its intention. The intention of KVAT Act is to levy tax on sale while that of Central Excise Tariff Act is levy of Excise duty. So when there is a specific entry under the KVAT Act, it would stand for the purpose of levy of tax under the Act.

Since Supari including scented Supari is classified under entry 75(2) of SRO 82/06 the commodity would attract tax @ 12.5%.

The point sought for is clarified accordingly.

Commissioner.