

**50. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES
THIRUVANANTHAPURAM**

Present:- Paul Antony. IAS

Sub:- CT Dept. KVAT Act 2003- Clarification U/s. 94- cash against gold scheme-clarified-orders issued.

Read:-1.Application dt. 27.08.05 filed by M/s. Chemmannur Group of Companies. Ban galore.

2.Posting Notice no.C7.44807/05/DT. 02.05.06

ORDER No.C7.44807/05/CT Dt. 23.05.06

M/s. Chemmannur Group of Companies, J.C.Road, Bangalore has sought clarification under section 94 of the KVAT Act 2003 as to whether the cash against gold scheme of business is in order as per sales tax angle. It is a scheme in lieu of “gold loans”.

The case was posted for hearing. But the applicant did not appear for hearing. Hence this application is disposed of on merits.

The transaction of purchase of gold after payment of money and its subsequent sale to the same party or any other party is nothing but sale covered by section 6 of the KVAT Act. Purchase tax under section 6(2) is leviable on purchases. The period of purchase return is only three months and the conditions in the mentioned scheme is not a ground for purchase return. Therefore the transaction under “Cash against gold” scheme is sale exigible to Value Added Tax under KVAT Act 2003.

The point sought is clarified as above.

Sd/
Commissioner