

62. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES
THIRUVANANTHAPURAM

Present:- Paul Antony.IAS

Sub:- KVAT Act 2003- Clarification U/s.94 – rate of tax- rubber wood-
Reg:
Read:- Application put in by M/s. Harrisons Malayalam Ltd, Kochi

ORDER No.C3.37099/07/CT Dt. 14.12..2007

M/s. Harrisons Malayalam Ltd, Kochi has preferred an application U/s. 94 of KVAT Act 2003 seeking clarification on the rate of tax on rubber trees felled and cut into log and transported as Rubber wood.

The application was heard in person and the issue raised were examined in detail.

Entry 91 of SRO 82/06 deals with "Timber" which is an inclusive entry. As per the said entry timber includes all kind of wood, standing trees, logs, planks, rettan of any size or variety other than those covering under any specific entry in other schedules.

Entry 136 A of III schedule reads as "Rubber wood". According to Macmillian Encyclopedia "Wood as the hard tissue of the stems is branches of trees and shrubs, beneath the bark, consisting of Xylem cells strengthened with deposits of lignin." According to Oxford & Websters dictionary the word "Wood" refers to an area of land smaller than a forest covered with growing trees. By going through the above literal position it is clear that "rubber wood" will not encompass "standing rubber trees". Only rubber wood has been taken away from the entry 91 of SRO 82/06. Since the said entry cover all standing trees, sale of standing rubber trees would fall under the said entry taxable @12.5 %.

In the instant case, the actual sale is the rubber trees and not rubber wood.

In the light of the above analysis, the "rubber wood standing tree" is classifiable under entry 91 of SRO 82/06 and so would attract tax @ 12.5%.

Commissioner