

**82. PROCEEDINGS OF THE COMMISSIONER OF
COMMERCIAL TAXESTHIRUVANANTHAPURAM**

Present:-.Paul Antony. IAS

Sub:- KVAT Act 03- Clarification U/s. 94-Application filed
by M/s. Devi Associates Ernakulam- Clarified orders
issued- Reg:

Read:1. Application in Form No 24 Dt. 08.08.06
2.This office Hearing Notice No.C7.33566/06/CT
dt. 15.09.06

ORDER No.C7.33566/06/CT Dt. 03.10.06

M/s. Devi Associates Ernakulam has filed an
application for clarification U/s. 94 of the KVAT Act on the
following.

The applicant is a dealer in Medicine. When medicines
are sold at first point the applicant is collecting compounded
tax @ 4 % on MRP. The point sought for clarification is on
which amount the applicant has to collect compounded tax for
medicines.

Authorised representative of the application was heard.
The question to be considered is the value on which
compounded tax @ 4 % is to be paid when the MRP marked on
the medicine is inclusive of tax. Since the rate of tax on this
item are 4 %, the value of the goods has to be arrived at by the
following formula.

$$\frac{\text{MRP including tax}}{104} \times 100$$

Compounded tax @ 4 % has to be levied on the above value.
The point sought for is clarified as above.

Commissioner.