

**DEPARTMENT OF COMMERCIAL TAXES, KERALA**  
**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION**  
**U/s.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.**

***Members present are:***

1. ***Abdul Jabbar.V.K, Joint Commissioner (Audit & Inspection), O/o. CCT, Tvpm.***
2. ***T.V. Kamala Bai, Joint Commissioner (Law), O/o. CCT, Tvpm.***
3. ***S.K. Suchala Kumar, Joint Commissioner (General), O/o. CCT, Tvpm.***

Sub:- KVAT Act, 2003 - Clarification U/s 94 - VAT paid on purchase of DEPB License and Eligibility for set off - Orders Issued.

Ref:- Application from M/s Prime Veneers Ltd., Kannur dated 27/3/2010.

**ORDER No.C3/11718/10/CT DATED 2/8/2011.**

1. M/s Prime Veneers Ltd., Kannur has preferred an application U/s 94 of the Kerala Value Added Tax Act, 2003, seeking clarification on whether Input Tax paid to local VAT dealers on purchase of DEPB License is eligible for set off.

2. The applicant is a manufacturer of Plywood, Block Board etc. and is importing raw materials like Timber, Veneer etc. from other countries. At the time of import, for Customs Duty Clearance, the applicant is purchasing Duty Entitlement Pass Book (DEPB) License from local VAT Registered dealers by paying 4% VAT. The applicant has not taken Input Tax paid in the above DEPB License purchases. The applicant has requested to clarify whether Input Tax paid to local VAT dealers on purchase of DEPB License is eligible for set off.

3. The authorised representative of the applicant was heard and the contentions raised were examined.

4. The Explanation to sub-section (2) of Section 13 of the Kerala Value Added Tax Act, 2003, reads *for the removal of doubt it is hereby clarified that where input tax is paid on the purchase of Duty Entitlement Pass Book or any similar licence for the import of any goods and goods so imported are used, consumed or disposed of in the manner specified in this sub-section, the input tax paid on the purchase of such Duty Entitlement Pass Book or any similar licence shall for the purpose of this section and section 11, be deemed to be the input tax paid on the goods imported w.e.f 1/7/2006.*

5. The statutory provision with respect to the subject matter for clarification is clear in the above said Explanation to sub-section (2) of Section 13 of the Kerala Value Added Tax Act, 2003, and the issue raised above is clarified accordingly.

**Abdul Jabbar.V.K.**  
**Joint Commissioner (A&I)**  
**O/o CCT**

**T.V. Kamala Bai**  
**Joint Commissioner (Law)**  
**O/o CCT**

**S.K. Suchala Kumar**  
**Joint Commissioner (General)**  
**O/o CCT**