

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

Sub:- KVAT Act, 2003- Clarification U/s. 94 - Rate of tax on Scrapped Buses sold by KSRTC through auction - Orders Issued.

Read:- 1. Application from Sri. S. Vijayakumar, M/s. Kurup & Sons, Thiruvananthapuram dated 2/5/2011.
2. Letter No. TC1-001/10 of the Financial Advisor & Chief Accounts Officer, M/s KSRTC, Thiruvananthapuram dated 20/6/2011.

ORDER No.C3/14498/11/CT DATED 14/9/2011.

1. Sri. S. Vijayakumar, M/s. Kurup & Sons, Thiruvananthapuram has preferred an application U/s 94 of the Kerala Value Added Tax Act, 2003 seeking clarification on the rate of tax on scrapped buses sold through auction by M/s Kerala State Road Transport Corporation.

2. The applicant is registered with the O/o Commercial Tax Officer, 1st Circle, Thiruvananthapuram. The applicant has purchased scrapped buses from KSRTC. KSRTC has collected VAT @ 12.5%. The applicant has requested to clarify the rate of tax of scrapped buses sold through auction by Kerala State Road Transport Corporation.

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

4. The Financial Advisor & Chief Accounts Officer, M/s KSRTC, Thiruvananthapuram vide letter read as 2nd paper above has informed that the commodity sold by KSRTC termed as 'Scrapped' vehicle consists of Bus body and certain parts of vehicles that come under various categories of scrap like metal, wood, rexin, tyre etc. As such what KSRTC sold as scrapped vehicle is only scrap falling under different categories which are not segregated and the buyers are liable to pay VAT @ 12.5%. Moreover RC Books are not transferred to the buyer for reusing the vehicles. These scrapped vehicles are removed from the yard by towing and are dismantled by the buyer outside the garage.

5. In view of the above facts stated above, it can safely be concluded that the commodity sold by M/s Kerala State Road Transport Corporation termed as scrapped vehicle consists of Bus body and certain parts of vehicles that come under various categories of scrap which are not segregated. Further the Registration Certificates are not transferred to the buyer for reuse as vehicles. The vehicles are only dismantled outside the garage by the buyers. There is no specific entry for the commodity scrapped vehicles in any of the Schedules to the Kerala Value Added Tax Act, 2003. As such the commodity scrapped vehicles sold by M/s Kerala State Road Transport Corporation, Thiruvananthapuram would be taxable at 12.5% vide Entry 103 of S.R.O. No. 82/2006.

The issue raised above is clarified accordingly.

Abdul Jabbar.V.K.
Joint Commissioner (General)
O/o CCT

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

S.K. Suchala Kumar
Joint Commissioner (A&I)
O/o CCT