

**24. PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,
THIRUVANANTHAPURAM**

Present: Sri. P.Mara Pandiyan I.A.S

Sub: KVAT Act'03 - Clarification U/s 94 – Application Filed by Sri.P.V.Anil Kumar,
Choice Metals , Trissur- Clarified orders issued – Reg.

Ref: 1.Application in Form 24 dt. 15.01.2008

2 Notice No. C3-2935/2008 dtd.11.07.2008

ORDER NO. C3. 2935/2008 Dt 21.10.2008

(1) Sri. P.V.Anil Kumar. Prop. Choice Metals, Edamuttom.(P.O), Trissur has filed an application for Clarification U/s 94 of the KVAT Act on the rate of tax of the following,

(2) The applicant is engaged in the business products of “Silicon steel cuttings” of various sizes. It is a cut product of flat rolled Silicon electrical sheets of width below 600mm and used as parts in the making of various electronic and electric devices like transformer, choke, step up charger, etc. The product is locally known as ‘Core stamping’ or ‘Transformer core’ and requested to clarify the rate of tax of the above item under KVAT Act..

(3) The authorized representative of the applicant was heard on 19.07.2008. The contention of the applicant is that being a product of flat rolled electrical sheet, the item with HSN 7226 fall under entry 30 (26) of 3rd schedule @ 4%. The applicant further contented that any product, even if 50% is used as raw material for manufacturing ,it can be treated as an individual input and the instant case , more than 70% is used as an individual input and hence this will rightly fall only under 4% category. The contentions of the applicant were examined in detail with reference to the statutory provisions.

(4) Flat rolled products of other alloy steel of width less than 600mm is comprised in 4 digit HSN 7226 and included in the 43(26) of the 3rd Schedule. But, chapter 72 of the Customs tariff Act relates to Iron and Steel in their primary forms like granules ,bars, nodes, coils, plates, sheets, angular shapes, sections etc. Admittedly , the applicant cuts out the steel, process it, so as to be used as parts of transformer , stabilizer, UPS etc and attains a unique character and a commercially distinct product emerges. Hence, it has lost it's identity as flat rolled products with HSN 7226 which is mentioned in 3rd schedule to the KVAT Act '03. Parts of transformers, stabilizers etc are assigned specific HSN 8504.90 by the Customs Tariff Act. The HSN has not been specifically mentioned in any where in any of the schedules to KVAT Act'03. Hence it will rightly fall under 12.5% by virtue of the entry 103 of the SRO 82/2006.

The point sought is clarified as above.

Commissioner