

**GOVERNMENT OF TAMILNADU
COMMERCIAL TAXES DEPARTMENT**

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND
ADVANCE RULING**

ACAAR No.144/2014-15.
Acts cell-II/10927/2015

Dated:27.08.2015

- Present:**
1. Thiru. K.Rajaraman, I.A.S.,
Principal Secretary & Commissioner of Commercial Taxes.
 2. Thiru. R.Vayanaperumal,
Additional Commissioner (CT), (Public Relations)
 3. Thiru. K.Mahalingam,
Additional Commissioner (CT), (Revision Petitions)

1.	Name and address of the Applicant	:	Tvl. Gtee Botanical Extract (P) Ltd., G-1, Ganesh Flats, 18/25, 2 nd Street, Lakshmi Nagar, Velachery, Chennai-42.
2.	Registration Certificate No.	:	TIN.No.33670983788/ CST.793479
3.	Name of Assessment Circle	:	Velachery Assessment Circle, Chennai
4.	Date of application	:	30.03.2015
5.	Date of receipt of application	:	31.03.2015
6.	Clarification sought for	:	Rate of Tax on "Green Tea Bags with Natural Flavours"
7.	Date of Personal Hearing	:	17.08.2015
8.	Represented by	:	Tmt. A.Gatyathri, General Manager

ORDER

Tvl. Gtee Botanical Extract Private Limited, Chennai – 600042 (TIN: 33670983788), the registered dealer in the files of Velachery Assessment Circle, have preferred application in Form 'VV' and sought clarification

under Section 48-A (1) of the TNVAT Act, 2006, read with Rule 12-A of TNVAT Rules, 2007.

2. The applicant-dealer stated that they were the sole agent for marketing the Green Tea and products of M/s Adi herbs, Chennai. M/s Adi herbs has obtained the license from Tea Board as defined as Tea of their products and also authorized to manufacture the tea products. The applicant-dealer reveals that the dried Green Tea is grinded it to required size to pack in Tea bags. If other such ingredients are to be added, then the grinded Green Tea is mixed with those natural Ingredients and then packed into the tea bags. The applicant-dealer pack them as 100g and 250g packs of Green tea bags have sought for clarification concerned with the rate of tax on **"Green Tea Bags with Natural Flavours"**.

2.1. The Products enclosed as samples by the dealer are as follows:

S. No.	PRODUCTS	COMPOSITION
1.	Green Tea bags	: Green Tea
2.	Green Tea with Mint & Amla Tea bags	: Green Tea, Mint Leaves & Amla
3.	Green Tea with Chamomile & Amla Tea bags	: Green Tea , Chamomile Flower & Amla
4.	Green Tea with Lemon & Ginger Tea bags	: Green Tea, Lemon peel & Ginger
5.	Green Tea with Jasmine Tea bags	: Green Tea & Jasmine Flowers
6.	Green Tea with Ginseng & Amla Tea bags	: Green Tea, Ginseng Root & Amla
7.	Green Tea with Cinnamon & Cardamom Tea bags	: Green Tea, Cinnamon & Cardamom

8.	Green Tea with Mixed Herbs Tea bags	:	Green Tea, Bittergourd, Gymnema Leaves, Amla & Chamomile Flowers
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3.1. The issue has been examined in detail with reference to the Entry No. 137 of Part B of First Schedule to the TNVAT Act, 2006 and Rules, 2007. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

3.2. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 17.08.2015 at 04.00 PM and the applicant-dealers were informed in writing to appear before the Authority on the above said date. Tmt. A. Gatyathri, General Manager (Gtee Botanical Extract (P) Ltd, Chennai) has represented the Company before the Authority on 17.08.2015 and placed the facts relating to the clarification requested. The authorized representative for the applicant-dealers has reflected the grounds as given in the annexure to the application.

3.3. The applicant-dealer further clarifies the Authority for clarification on Advance Ruling that the definition "Tea" as per provision under section 3(n) of the Tea Act, 1953 should be read along with the Definition 2 published in the "**Gazette of India Extraordinary Part II, Section-3, Sub-section (ii) published by Department of Commerce, Ministry of Commerce and Industry, Government of India dated 1st April 2005**". According to the above order the term "Tea" has a wider connotation that includes the following:

2(h) "flavoured tea", 2(k) "Green tea", 2(n) "instant tea", 2(s) "packet tea", 2(u) "quick brewing black tea".

Further, the dealer also mention about the "Food Safety and Standards Authority of India" Notification dated New Delhi, the 20, October, 2010 in Part-III-Sec.4 on "DRAFT FOOD SAFETY AND STANDARDS REGULATIONS, 2010" under Regulation 5.10.1: Tea in Page 611 and FSSAI (Food Product Standards & Food Additives), regulation 2011 under Entry 2.10.1: Tea Page 404 - has entries such as

- Tea may contain "natural flavours" and "natural flavouring substances"
- "Tea used in the manufacture of flavoured tea shall conform to the standards of Tea"

4. The meaning of the item "Tea" mentioned in Entry No. 137 of Part B of First Schedule to TNVAT Act, 2006 is wide enough to hold the "Green Tea products" marketed by the dealer. The other natural Ingredients such as **Mint Leaves, Amla, Chamomile Flower, Lemon peel, Ginger, Jasmine Flowers, Ginseng Root, Cinnamon, Cardamom, Bittergourd, Gymnema Leaves** are added merely to add flavour and taste to the Green Tea and are then packed into tea bags.

5. The major portion of the Green Tea bags, which the dealer produce is found to be the "Green Tea" and hence the product "**Green Tea Bags with Natural Flavours**" is construed to fall under Entry "**Tea**" as found in SI.No.137 of Part B of First Schedule to TNVAT Act, 2006.

6. It is therefore clarified that the "**Green Tea Bags with Natural Flavours**" that contains Green Tea as a major ingredient is liable to tax at 5% under Entry 137 with the description, "Tea" in Part B of First Schedule to the TNVAT Act, 2006.

Dated this the Twenty Seventh day of August 2015.

Sd/- R. Vayanaperumal,
Additional Commissioner (PR)

Sd/- K. Mahalingam,
Additional Commissioner (RP)

Sd/- K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To
Tvl. Gtee Botanical Extract (P) Ltd.,
G-1, Ganesh Flats,
18/25, 2nd Street, Lakshmi Nagar,
Velachery, Chennai-42.

Copy to:
The Assistant Commissioner (CT)
Velachery Assessment Circle

The Joint Commissioner (CT),
Chennai Division. (**EAST**)

The Joint Commissioner (CS)

To host in the Department Website

The Principal Secretary to Government, Commercial Taxes & Registration Department, Chennai - 9.

All Joint Commissioners (CT) including Enforcement, LTU, MOU and ISIC.

All Deputy Commissioners (CT), Territorial, Assessment and Enforcement

All Head of Offices (Assessment)

The State Representative, Sales Tax Appellate Tribunal, Chennai-104.

The Addl. State Representative, (AB) Chennai, Madurai and Coimbatore.

The Director, CTSTI, Greams Road, Chennai - 6.

The Executive Officer, Traders Welfare Board, Chennai - 5.


The Accountant General (Audit)-II, No.44, Greams Road, Chennai-6.

The Additional Commissioners, Deputy Commissioners, Assistant Commissioners, Commercial Tax Officers in CCT's Office.

Personal Clerk to the CCT.

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//Forwarded/By order//


Additional Commissioner (PR)