PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULING	
ACAAR No.144-151/2013-14. **(Acts Cell–II/9996-10003/2014)**	Dated 10.07.2014

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. Hinge Tech India Pvt. Ltd., No.30/47, Gandhi Mandapam Road, Kotturpuram, Chennai- 600 085. **Factory Address**: No.2/157, Avadi High Road, Senneerkuppam Chennai – 600 056.
2.	Registration Certificate No.	:	TIN:33760863216 / CST:848801
3.	Date of application	:	17.03.2014
4.	Date of receipt of application	:	24.03.2014
5.	Clarification sought for	:	Rate of Tax on "Pallets"
6.	Date of Personal Hearing	:	28.05.2014
7.	Represented by	:	Thiru. R.Saravanan, The Counsel and Authorized Representative

ORDER

Tvl. Hinge Tech India Pvt. Ltd., No.30/47, Gandhi Mandapam Road, Kotturpuram, Chennai- 600 085, having factory at No.2/157, Avadi High Road, Senneerkuppam, Chennai – 600 056. (TIN: 33760863216), the registered dealers in the files of Adyar-I assessment circle, Chennai, manufacturing and marketing "Roller Dies, Stacker Cranes, EOT Cranes, Hoist Crane, Gantry Crane and Jib Crane, Belt Conveyors, Scrap Conveyors, Pit Covers/Chutes, Piper Racks and Pallets, " 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-dealers have filed separate application accompanied with the proof for having paid separately the prescribed fees for each application and **sought for clarification in respect of rate of tax on the following goods.**

Application Serial No.	Name of the commodity for which rate of tax is sought
ACAAR No.144/2013-14	Pit Cover
ACAAR No.145/2013-14	Piper Racks
ACAAR No.146/2013-14	Scrap Conveyors
ACAAR No.147/2013-14	EOT Cranes, Hoist Crane, Gantry Crane and Jib Crane.
ACAAR No.148/2013-14	Roller Dies
ACAAR No.149/2013-14	Stacker Crane
ACAAR No.150/2013-14	Belt Conveyor
ACAAR No.151/2013-14	Pallets

Since the applicant in all these **eight** applications is being the same, all these applications shall be dealt in this common order.

3. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 28.05.2014 and the applicant-dealers were informed in writing to appear before the Authority on 28.05.2014. Thiru. R.Saravanan, the Counsel and Authorized Representative, along with Ms. Sudha, the Accountant of the applicant-dealers, has represented for and on behalf of the applicant dealers before the Authority on 28.05.2014 and placed the facts relating the commodities for which the clarification regarding the rate of tax was sought. The learned Authorized Representative for the applicant-dealers has reflected the grounds as given in the annexure to the application.

4. The applicant-dealers have stated that they are manufacturing and marketing "Roller Dies, Stacker Cranes, EOT Cranes, Hoist Crane, Gantry Crane and Jib Crane, Belt Conveyors, Scrap Conveyors, Pit Covers/Chutes, Piper Racks and Pallets, at the standard measurements as and also as per the specifications of their customers. The learned Counsel has pointed out that the applicant-dealers are purchasing inside the State and also importing the raw materials, such as, H and I beams, M.S. Plates, Angles, Flats and Channels. Steel Square bars and rods, M.S. Pipes and Square tubes, steel rollers, leather belts, T. Pins, Rollers, Hydraulic Cylinder units, Cables, Electrical accessories, Hydraulic Cylinder units, Steel Rollers, wood, flexible Hose, bolts and nuts, Consumables and Painting materials. The M.S. Plates, flats, channels, angles, tubes, rods, square rods, pipes ae subjected to the processes of cutting and pending and fabricating into desired shapes to develop the components which are in turn assembled into produce the above said products. The learned Counsel has added that all the said products are supplied to only the industrial users; the EOT Cranes, Hoists, Gantry Cranes, JIP cranes and Stacker Cranes are not mobile cranes fitted on the vehicles or trolleys with the control cabin; whereas these cranes are to be fixed in the premises especially in the workshop floor and to be operated in a specified radius to move the goods in the process of fabrication and assembling, involving heavy weight beams and structurals.

The functional usage of each of their products is described in a write-up enclosed along with the applications, which could be seen as given below:

Pit Cover -	Used to cover the open areas of press line pit surface
Chute -	Used for guiding the scraps from press to conveyor
Pipe Racks -	Used for storage of pipes
Scrap -Conveyors -	Used for conveying the scraps coming down from the press line loading the scrap materials on tracks.
EOT Cranes, Hoists, Gantry Crane	Used in the Press line to move the material safely from one point to another.
Jip Cranes -	Used in the Press line to move the material safely from one point to another and in addition used for swivel movements.
Roller Dies -	Used in industry to move moulds from one place to another and to place the moulds in stacker crane's platform, especially sheet metal pressing mills.
Stacker Cranes	Used to raise or lower storage rack to any level and also extended to rack in order to store or retrieve the stock of goods.
Belt Conveyor	Used for conveying the parts from one press to another or to the end of the press line.
Pallets	Used for movement of finished goods from one place to another within the industrial premises.

The learned Counsel has also stated that from the structural design and specified usage of the products as revealed from the diagrams enclosed along with the applications, it could be understood that all the products are produced and supplied to the industries engaged in sheet metal milling and pressing. On the above, the leaned Counsel has pleaded that the rate of tax to be adopted for each of the above products manufactured by the applicant dealers may be clarified.

4.1 The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and Section 14 of the CST Act, 1956. The clarification is given accordingly as under

4.2. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.3. The applicant-dealers have sought for clarification separately in each application, regarding rate of tax on the following commodities.

1. **Pit Cover**
2. **Piper Racks**
3. **Scrap Conveyors**
4. **EOT Cranes, Hoist Crane, Gantry Crane and Jib Crane.**
5. **Roller Dies**
6. **Stacker Crane**
7. **Belt Conveyor**
8. **Pallets**

5.1. The description of the commodities classified under both Parts B and C of First Schedule to the Act does reveal nothing with reference to the products viz., Roller Dies, Stacker Cranes, EOT Cranes, Hoist Crane, Gantry Crane and Jib Crane, Belt Conveyors, Scrap Conveyors, Pit Covers/Chutes, Piper Racks and Pallets. Since all these products are from engineering fabrication industry and liable to be involved in the manufacture of other fabricated items and storage of the raw materials as well as the finished products, it is analysed whether these items would fall within the scope of Entry 25 of Part-B of First Schedule read with section 2(11) of the Act. Entry 25 of Part-B of First Schedule to the Act reads as given below:

"Capital goods as described in Section 2 (11) of the Act."

The definition of the term, "Capital Goods" under section 2(11) of the Act, reads as extracted below:

(11) "capital goods" means, -

(a) plant, machinery, equipment, apparatus, tools, appliances or electrical installation for producing, making, extracting or processing of any goods or for extracting or for bringing about any change in any substance for the manufacture of final products;

(b) pollution control, quality control, laboratory and cold storage equipments;

(c) components, spare parts and accessories of the goods specified in (a) and (b) above;

(d) moulds, dies, jigs and fixtures;

(e) refractors and refractory materials;

(f) storage tanks; and

(g) tubes, pipes and fittings thereof,

used in the State for the purpose of manufacture, processing, packing or storing of goods in the course of business excluding civil structures and such goods as may be notified by the Government;

5.2. **Pit covers** are designed for covering machine ways or pits. These covers were originally developed for and used in the machine tool industry but have recently been used to cover inspection pits, machine tool changers. These covers can also be supplied in a custom enclosure that can be mounted at the end of a bed way or pit or on a gantry for a large machine. It is also seen from the write-up enclosed along with the application that the Pit covers fabricated and supplied by the applicant dealers to their customer for using to cover the open areas of press line pit surface. Thus, the Pit covers go as part and parcel as a component of Sheet Metal Pressing and Milling Machinery.

5.3. **Chute** is defined to be a tubular metallic framework or trough, upon or through which objects are made to slide from a higher to a lower level. It has been described by the applicant-dealers that the Chutes designed, fabricated and supplied by them are also as part and parcel of the Sheet Metal Pressing and Milling Machinery for guiding the scraps from press to conveyor.

5.4. **Pipe racks are steel structural racks** typically support pipes, power cables and instrument cable trays in petrochemical, chemical and power plants. Occasionally, pipe racks may also support mechanical equipment, vessels and valve access platforms. Main pipe racks generally transfer material between equipment and storage or utility areas. A pipe rack is the main artery of a process unit. Pipe racks carry process and utility piping and may also include instrument and cable trays as well as equipment mounted over all of these. Pipe racks consist of a series of transverse bents that run along the length of the pipe system, spaced at uniform intervals typically around 20 ft. To allow maintenance access under the pipe rack, the transverse bents are typically moment frames. Transverse bents are typically connected with longitudinal struts.

5.5. **Stacker Crane** is a crane with a forklift type mechanism used in automated storage and retrieval system (AS/RS)) in a storage warehouse of an industry. The crane moves on a track in an aisle of the warehouse. The fork can be raised or lowered to any of the levels of a storage rack and can be extended into the rack to store and retrieve product. The product can in some cases be as large as an automobile. Stacker cranes are often used in the large freezer warehouses of frozen food manufacturers. This automation avoids requiring forklift drivers to work in below freezing temperatures every day. The Stacker Crane produced by the applicant-dealers are used for raising or lowering storage racks to any level and also extending racks in order to store or retrieve the stock of goods.

5.6. **A Jib Crane is** a type of crane where a horizontal member (*jib* or *boom*), supporting a moveable hoist, is fixed to a wall or to a floor-mounted pillar while the Jib cranes are used in industrial premises. The jib may swing through an arc, to give additional lateral movement, or be fixed. The Jib Crane produced by the applicant dealers for use in the Press line to move the material safely from one point to another and in addition for swivel movements

5.7. **A Gantry Crane** has a hoist in a fixed machinery house or on a trolley that runs horizontally along rails, usually fitted on a single beam (mono-girder) or two beams (twin-girder). The crane frame is supported on a gantry system with equalized beams and wheels that run on the gantry rail, usually perpendicular to the trolley travel direction. These cranes come in all sizes, and some can move very heavy loads, particularly the extremely large examples used in industrial installations.

5.8. **Overhead Crane**, also known as a bridge crane, is a type of crane where the hook-and-line mechanism runs along a horizontal beam which runs along two widely separated rails. Often it is in a long factory building and runs along rails along the building's two long walls. Overhead cranes typically consist of either a single beam or a double beam construction. These can be built using typical steel beams or a more complex box girder type. Pictured on the right is a single bridge box girder crane with the hoist and system operated with a control pendant. Double girder bridge are more typical when needing heavier capacity systems from 10 tons and above. The advantage of the box girder type configuration results in a system that has a lower deadweight yet a stronger overall system integrity. Also included would be a hoist to lift the items, the bridge, which spans the area covered by the crane, and a trolley to move along the bridge. In **Steel Industry,** at every step of the manufacturing process, until it leaves a factory as a finished product, steel is handled by an overhead crane. Raw materials are poured into a furnace by crane, hot steel is stored for cooling by an overhead crane and the finished coils are lifted and loaded onto trucks and trains by overhead crane, and the fabricator or stamper uses an overhead crane to handle the steel in his factory. The automobile industry uses overhead cranes for handling of raw materials. Smaller workstation cranes handle lighter loads in a work-area, such as CNC mill or

saw. Almost all **paper mills** use bridge cranes for regular maintenance requiring removal of heavy press rolls and other equipment.

5.9. **EOT (Electric Overhead Travelling) Crane** is most common type of overhead crane, found in most factories. As obvious from name, these cranes are electrically operated by a control pendant, radio/IR remote pendant. **Double Girder EOT Cranes** often find use in host of industrial applications involving lifting & transporting material. **An overhead travelling crane, al**so known as an overhead crane or as a suspended crane, has the ends of the supporting beam, the gantry, resting on wheels running on rails at high level, usually on the parallel side walls of a factory or similar large industrial building, so that the whole crane can move the length of the building, while the hoist can be moved to and from across the width of the building.

5.10. **Gantry cranes**, **Overhead cranes**, **Hoist cranes** and **EOT Cranes** are all different types of cranes which lift objects by a **hoist** which is fitted in a hoist trolley and can move horizontally on a rail or pair of rails fitted under a beam. All the cranes produced and supplied by the applicant-dealers are for use in the Press line to move the material safely from one point to another.

5.11. **Belt Conveyors** consist of two or more pulleys, with a continuous loop of material - the conveyor belt - that rotates about them. One or both of the pulleys are powered, moving the belt and the material on the belt forward. The powered pulley is called the drive pulley while the unpowered pulley is called the idler. There are two main industrial classes of belt conveyors; those in general material handling such as those moving boxes along inside a factory. **Flat Conveyor Belts** are rugged and sturdy Belt Conveyors are ideally used for long assembly line operations, inspections, testing, sorting, and packing. The Belt Conveyors can be installed horizontally or aslope to meet the needs of different transfer lines. The belt conveyors produced and supplied by the applicant-dealers are for use in conveying the parts from one press to another or to the end of the press line.

5.12. **Scrap-conveyors** produced and supplied by the applicant-dealers are also belt conveyors to convey the scraps gathered via chutes from the press line to the scrap collectors.

5.13. **Roller dies** are used in tube bending or sheet metal pressing or stamping machines. The roller dies produced and supplied by the applicant dealers are for use in sheet metal pressing mills.

5.14. **Pallet** is a portable platform for handling, storing, or moving materials and packages in factories. A pallet is the structural foundation of a unit load which allows handling and storage efficiencies in industrial storage of raw materials and finished products.

6. The analysis of the applicant-dealers' products and the usage described by them in their write-up enclosed along with their applications, it is understood that all the products are produced and sold as part and pacel of the Sheet Metal Pressing or stamping machinery either as a component part or as an accessory. As per clause (a) of section 2(11) of the Act, any machinery is to be treated as a capital good. Any spare or component or accessory is to be also to be treated as capital good as per clause (c) of section 2(11) of the Act. Accordingly, any machinery, spare or component part of machinery or any accessory of a machinery would attract tax at the rate of 5 % under Entry 25 of Part-B of First Schedule to the Act, if sold to industry for use in the process of manufacture of other good or any other processes closely knitted with the process of manufacture. Since the products as above said produced and sold by the applicant-dealers are found to be either a component part or accessory of sheet metal pressing or stamping industry used in or associated with the main press line or ancillary to the press line to handle the materials such as moving the raw materials on the press line or move the finished items to the storage or stock house, all the above mentioned products bear the eligibility to be treated as **"Capital Goods"** within the meaning and scope of the definition under section 2(11) and Entry 25 of Part-B of First Schedule to the Act.

7. The Clarification therefore in respect of the above mentioned goods shall be as below:

ACAAR No.144/2013-14	Pit Cover	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.145/2013-14	Chute	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.146/2013-14	Pipe Racks -	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.147/2013-14	Scrap Conveyors	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.148/2013-14	EOT Cranes,	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First

	Hoists, Gantry Crane	Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.149/2013-14	Jip Cranes -	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.150/2013-14	Roller Dies -	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.
ACAAR No.151/2013-14	Stacker Cranes	Taxable at the rate of 5 % as capital goods under Entry 25 of Part-B of First Schedule read with section 2(11) of the TNVAT Act, 2006, if sold inside the State for use in the manufacturing industry.

Dated this the 10th day of July, 2014.

R. Vayanaperumal,
Additional Commissioner (PR)

K. Mahalingam,
Additional Commissioner (RP)

K. Rajaraman,
Principal Secretary/
Commissioner of Commercial Taxes

To

Tvl. Hinge Tech India Pvt. Ltd.,
No.30/47, Gandhi Mandapam Road,
Kotturpuram,
Chennai- 600 085.

Factory Address:

No.2/157, Avadi High Road,
Senneerkuppam
Chennai – 600 056.

Through Thiru. R.Saravanan, The Council and Authorized Representative

Copy to:
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Adyar-I Assessment Circle

The Joint Commissioner (CT),
Chennai (South)Division.

The Joint Commissioner (CS)

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Additional Commissioner (PR)