

PROCEEDINGS OF THE
AUTHORITY FOR CLARIFICATION AND ADVANCE RULING

ACAAR No. 44/2015-16
Acts cell – II/18397/2015

Dated:19.06.2015

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

1	Name and address of the Applicant	:	Tvl. B.G Naidu Sweets, Prop.B. Ketharnath, 199, Big Bazaar Street, Tiruchirapalli-620 008
2.	Registration Certificate No.	:	TIN. No. 33673381143
3.	Date of application	:	05.06.2015.
4.	Date of receipt of application	:	05.06.2015.
5.	Clarification sought for	:	Rate of Tax on "Sale of unbranded ready to eat sweets and drinks like Tea, Coffee served to customers in the sweet stall premises"
6.	Date of Personal Hearing	:	-----
7.	Represented by	:	-----

ORDER

Tvl. B.G Naidu Sweets, Big Bazaar Street, Tiruchirapalli-620 008
(TIN.No.33673381143), the registered dealers in the files of Gandhi
Market Assessment Circle, Trichy 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 sought for clarification concerned with the rate of tax on **"Sale of unbranded ready to eat sweets and drinks like Tea, Coffee served to customers in the sweet stall premises"**

3.1. The issue has been examined in detail with reference to the relevant provisions under section 7 (1)(b) and 8 and Notifications issued in relation with section 7(1) (b) of 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 clarification regarding rate of tax on applicant-dealers have sought for clarification concerned with the rate of tax on **"Sale of unbranded ready to eat sweets and drinks like Tea, Coffee served to customers in the sweet stall premises"**.

3.3. **Section 7 (1) (b) of TNVAT Act, 2006** reads as extracted below: Notwithstanding anything contained in this Act, but subject to the provisions of this Act – "Every dealer other than those mentioned in clause (a) whose total turnover is not less than rupees ten lakhs for a year, shall pay tax on the sale of ready to eat un-branded foods including sweets, savouries, un-branded non-alcoholic drinks and beverages served in or catered indoors or outdoors by hotels,

restaurants, sweet-stalls, clubs, caterers and any other eating-houses, at the rate of five percent of the taxable turnover”.

3.4. However the rate of tax payable under this section has been originally reduced from 4% to 2% with effect from 1st Jan 2007 vide Notification No.II(1)/CTR/(a-14)/2007 in G.O. MS. No. 12, Commercial taxes and Registration (B1) Department dated 1.1.2007. The reduced rate of 2% tax granted by the above notification has been made continuous vide Notification No.II(1)/CTR/11 (a-1) and (a-2)/2012 in G.O. MS. No. 32 Commercial taxes and Registration (B1) Department dated 10th March 2012, even after increase in rate of tax from 4% to 5% as payable under Section 7 (1) (b) by Act No. 4 of 2012 w.e.f 10.3.2012.

Thus, the sale of unbranded ready to eat foods and drinks including sweets, savouries, un-branded non-alcoholic drinks and beverages served in or catered indoors or outdoors by hotels, restaurants, sweet-stalls, clubs, caterers and any other eating-houses is liable to tax at the reduced rate of 2%.

3.5. Besides, Section 8 provides for the dealers specified under Section 7(1) (b) to opt for payment of tax on the sale of unbranded ready to eat food and drinks including sweets, savouries, unbranded beverages served in or catered indoors or outdoors at the compound rate of two persons, if their total turnover does not exceed Rs.50 lakhs

per year and provided that they should not collect any tax and are not eligible for input tax credit on their purchases of taxable input.

3.6. On the above, it is clarified that the **"Sale of unbranded ready to eat sweets and drinks like Tea, Coffee served to customers in the sweet stall premises"** is liable to tax at the reduced **rate of 2% under Section 7(1) (b) of TNVAT Act, 2006** read with Notification No.II(1)/CTR/11 (a-1) and (a-2)/2012 in G.O. MS. No. 32 Commercial taxes and Registration (B1) Department dated 10th March 2012.

If the Sweets Stall is opted for the payment of compounded rate of tax as provided **under section 8 of the TNVAT Act, 2006** on the condition that the total turnover per year is not exceeding Rs.50 lakhs, the tax payable by such dealer is at the **compounded rate of 2%.**

Dated this the 19th day of June 2015.

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

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

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

To:
Tvl. B.G Naidu Sweets,
Prop.B. Ketharnath,
199, Big Bazaar Street,
Tiruchirapalli-620 008

Copy to:
The Assistant Commissioner (CT)
Gandhi Market Assessment Circle,
Trichy.

The Joint Commissioner (CT),
Trichy Division.

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.

Stock File3 / Acts Cell-II / Spare – 5.

//Forwarded/By order//


Additional Commissioner (PR)