
Tamil Nadu Value Added Tax (Amendment) Act, 2007**21 of 2007****CONTENTS**

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Tamil Nadu Value Added Tax (Amendment) Act, 2007**21 of 2007**

Statement of Objects and Reasons² The Tamil Nadu Value Added Tax Act, 2006 came into force with effect from 1st January, 2007. With a view to give effect to the announcements made in the Budget Speech for the year 2007-2008, in respect of tax relief measures, notifications were issued under sub-section (1) of Section 86 of the said Act for amending various entries in the First, Second and Fourth Schedules to the said Act. Under sub-section (2) of Section 86 of the said Act, a Bill to replace the said Notifications has to be introduced in the current session of the Legislative Assembly. 2. It is felt that certain amendments are required to various provisions of the said Act so as to define turnover of dealers who purchase and sell goods exclusively within the State, rate of tax on spare parts, components and accessories, disallowing option to pay tax under compounding system for dealers who purchase goods from outside the State and use in execution of works contract in the State, to extend the scheme of payment of tax at compounding rate by dealers in bakery products and to amend certain entries in the Schedules to the said Act. It is also proposed to make consequential amendment to the said Act in pursuance of the amendment made to Central Sales Tax Act, 1956 (Central Act

74 of 1956) reducing the rate of tax from 4% to 3% with effect from 1st April 2007. 3. The Government have therefore decided to amend the said Act, suitably. 4. The Bill seeks to give effect to the above decisions. PREAMBLE An Act to amend the Tamil Nadu Value Added Tax Act, 2006. Be it enacted by the Legislative Assembly of the State of Tamil Nadu in the Fifty-eighth Year of the Republic of India as follows :-- 1. Received the Assent of the Governor of Tamil Nadu on the June 7, 2007 -- Published in Tamil Nadu Government Gazette, Extraordinary, Part IV, Section 2, Iss. No. 157, pages 69-71, dated June 8, 2007. 2. Vide L.A. Bill No. 18 of 2007 as introduced in the Tamil Nadu Legislative Assembly on May 9, 2007 -- Published in the Tamil Nadu Government Gazette, Extraordinary, Part IV, Section 1, Issue No.114, pages 75-78, dated May 9, 2007.

1. Short Title And Commencement :-

(1) This Act may be called the Tamil Nadu Value Added Tax (Amendment) Act, 2007.

(2) Sub-section (2) of Section 6, sub-section (4) of Section 9, Section 10 and sub-section (1) of Section 11, shall be deemed to have come into force on the 1st day of April 2007 and all other Sections shall be deemed to have come into force on the 1st day of January 2007.

2. Amendment Of Section 3 :-

In Section 3 of the Tamil Nadu Value Added Tax Act, 2006 (Tamil Nadu Act 32 of 2006) (hereinafter referred to as the principal Act),-

(1) in sub-section (1), for clause (b), the following clause shall be substituted, namely :--

"(b) Notwithstanding anything contained in clause (a), every dealer other than a casual trader or agent of a non-resident dealer who purchases goods within the State and effects sale of those goods within the State and whose total turnover for a year is not less than rupees ten lakhs shall pay tax under this Act."

(2) to sub-section (2), the following Proviso shall be added, namely:--

"Provided that all spare parts, components and accessories of such goods shall also be taxed at the same rate as that of the goods if such spare parts, components and accessories are not specifically enumerated in the First Schedule and made liable to tax under that Schedule."

(3) in sub-section (4),--

(a) for the expression "total turnover", the expression "turnover relating to taxable goods " shall be substituted;

(b) for the First Proviso, the following Proviso shall be substituted, namely :--

"Provided that such dealer shall not collect any amount by way of tax or purporting to be by way of tax".

3. Amendment Of Section 6 :-

In Section 6 of the principal Act,--

(1) in sub-section (1), after the expression "every dealer", the following expression shall be inserted, namely:--

"other than the dealer who purchases goods from outside the State or imports goods from outside the country;";

(ii) for sub-section (5), the following sub-section shall be substituted, namely:--

"(5) The dealer who pays tax under this Section shall not collect any amount by way of tax or purporting to be by way of tax and shall not be entitled to input tax credit on the goods purchased by him.".

4. Amendment Of Section 7 :-

In Section 7 of the principal Act, in subsection (1), in clause (b), after the expression "in clause (a)", the following expression shall be inserted, namely:--

"whose total turnover is not less than rupees ten lakhs for a year".

5. Amendment Of Section 8 :-

In Section 8 of the principal Act,--

(1) in the marginal heading, for the expression "and sweet-stalls", the expression "sweet-stalls and bakeries " shall be substituted;

(2) sub-section (1) shall be re-lettered as "clause (a) " of sub-section (1);

(3) after clause (a) as so re-lettered, the following clause shall be inserted, namely:--

"(b) Notwithstanding anything contained in clause (a) of sub-section (1) of Section 3, every dealer in bakery products whose total turnover is not less than rupees ten lakhs but not more than rupees fifty lakhs for the year on the sale of unbranded bakery products and other ready to eat unbranded foods, may, at his

option, instead of paying tax in accordance with the provisions of sub-section (2) of Section 3, pay tax at the rate specified in the Third Schedule."

6. Amendment Of Section 19 :-

In Section 19 of the principal Act,--

(1) in sub-section (3), in clause (a), for the expression, "wholly for use in the course of business of taxable goods", the expression "for use in the manufacture of taxable goods " shall be substituted;

(2) in sub-section (4), for the expression "four per cent of tax", the expression "three per cent of tax" shall be substituted;

(3) to sub-section (6), the following Proviso shall be added, namely :--

"Provided that on the purchase of capital goods which are used in the manufacture of exempted goods and taxable goods, input tax credit shall be allowed to the extent of its usage in the manufacture of taxable goods in the manner prescribed."

7. Amendment Of Section 38 :-

In Section 38 of the principal Act, in sub-section (1), in clause (a), for the expression "whose total turnover in respect of purchase and sale within the State", the expression "who purchases goods within the State and effects sale of those goods within the State and whose total turnover " shall be substituted.

8. Amendment Of Section 88 :-

In Section 88 of the principal Act, in sub-section (6), in clause (b), for the expression "thirty days", the expression "fifty-nine days " shall be substituted.

9. Amendment Of First Schedule :-

In the First Schedule to the principal Act, in Part-B,--

(1) in Item 8, for the expression "Bakery products including bun, rusks, biscuits and cakes sold with or without brand name", the expression "Bakery products including bun, rusks, biscuits and cakes sold without a brand-name" shall be substituted;

(2) for Item 67 and the entries relating thereto, the following Item and entries shall be substituted, namely :--

"(67) Industrial inputs, that is to say, any goods falling under Part-C of this Schedule, including consumables, packing materials and

labels but excluding plant and machinery, ethyl alcohol, absolute alcohol, methyl alcohol, rectified spirit, neutral spirit and cement, for use in manufacture and for use in assembling, packing or labelling in connection with such manufacture, inside the State, of goods other than those falling under Second Schedule";

(3) in Item 107, the word "pickle" shall be omitted.

(4) in Item 127, the word "tobacco " shall be omitted.

10. Amendment Of Second Schedule :-

In the Second Schedule to the principal Act, in Item 11, for the expression "Sugar, textile and tobacco products", the expression "Sugar and textile products" shall be substituted.

11. Amendment Of Fourth Schedule :-

In the Fourth Schedule to the principal Act,--

(1) in Part-A, Item 2 and the entries relating thereto shall be omitted;

(2) in Part B --

(i) for Item 21 and the entries relating thereto, the following Item and entries shall be substituted, namely:--

"21. (i) Curd, lassie, butter-milk and separated milk,

(ii) Butter without brand name.";

(ii) in Item 35, for the expression "Rupees one hundred crore in a year", the expression "rupees one crore in a year" shall be substituted;

(iii) in Item 62, for the expression "and de-oiled rice bran", the expression "rice bran and de-oiled rice bran " shall be substituted;

(iv) in Item 65,--

(a) for the expression "rupees three hundred crores per annum ", the expression "rupees five hundred crores per year" shall be substituted;

(b) for sub-Items 7 and 8, the following sub-Items shall be substituted, namely :--

" 7. Palm oil

8. All refined oils".

(v) in Item 66, for the expression "rupees three hundred crores per year", the expression "rupees five hundred crores per year", shall be substituted;

(vi) for Item 68 and the entries relating thereto, the following Item and entries shall be substituted, namely :--

"68. Sale of the following pulses and grams including broken, splits,

flour, husk and dust thereof and parched and fried grams made from them by any dealer whose turnover in respect of the goods in each Item does not exceed rupees five hundred crores in a year:--

1. Gram or gulab gram
2. Tur or arhur
3. Moong or green gram
4. Masur or lentil
5. Urad or black gram
6. Moth
7. Lekh or khesari
8. Mochai
9. Karamani
10. Thatta payaru
11. Kollu
12. Avarai."