

C.K.G. Agencies Vs Assistant Commissioner (CT) Fac Avinashi Assessment Circle, Coimbatore

Court: Madras High Court

Date of Decision: April 22, 2010

Acts Referred: Tamil Nadu General Sales Tax Act, 1959 " Section 3(2), 3(4)

Citation: (2012) 54 VST 501

Hon'ble Judges: Chitra Venkataraman, J

Bench: Single Bench

Advocate: S. Ramanathan, for the Appellant; R. Mahadevan, Additional Government Pleader, for the Respondent

Judgement

@JUDGMENTTAG-ORDER

Mrs. Chitra Venkataraman, J.

The petitioner herein opted to pay compounding tax as per section 3(4) of the Tamil Nadu Value Added

Tax Act, 2006, as the assessee expected the turnover for the year 2007-08 as between Rs. 10 lakhs and Rs. 50 lakhs.

The petitioner filed the

monthly returns in form K disclosing the turnover and corresponding tax at 0.5 per cent. It is stated that the petitioner's turnover, however,

exceeded Rs. 50 lakhs and hence, not eligible for compounded rate of tax at 0.05 per cent. The petitioner filed the form I monthly returns from

April, 2007 to March, 2008 by taking credit of the tax paid on the purchases during the relevant assessment year 2007-08 and after adjusting the

input-tax credit, it paid the tax u/s 3(2) of the Tamil Nadu Value Added Tax Act, 2006. On December 18, 2009, the respondent determined the

total and taxable turnover at Rs. 57,92,100 by accepting the turnover reported by the petitioner, but took the input-tax credit for the month of

March, 2008 alone. The petitioner's grievance is that the said order is contrary to the circular issued by the Commissioner dated August 29, 2007,

wherein, it is clarified that if the turnover of the assessee exceeded Rs. 50,00,000 in the middle of the year, then the assessee would not be

assessed at the compounded rate of tax u/s 3(4) of the Tamil Nadu Value Added Tax Act, 2006 and he has to pay higher rate of tax and eligible

for input-tax credit for the purchases made from the beginning of the year. The said clarification given in the case of individual assessee is

applicable to the case of the petitioner also. Consequently, the order suffered an illegality. The petitioner made a representation by way of

rectification petition on February 9, 2010, pointing out to the clarification dated August 29, 2007 and requested the respondent to cancel the

demand. By proceedings dated February 23, 2010, the respondent rejected the prayer by stating that it is open to the petitioner to get necessary

relief from the appropriate forum against the order passed by the assessing authority. The petitioner submits that having regard to the clarification

given by the Commissioner, which is binding on the assessing officer, once the petitioner crosses the turnover of Rs. 50,00,000, he is eligible for

the benefit of input-tax credit. It is not denied by the respondent that the petitioner had paid tax at four per cent and 12.5 per cent for every month

as per section 3(2) of the Tamil Nadu Value Added Tax Act, 2006. The learned counsel appearing for the petitioner pointed out to section 3(4) of

the Tamil Nadu Value Added Tax (Second Amendment) Act, 2008 to substantiate his case as regards the availing of input-tax credit in respect of

turnover exceeding Rs. 50,00,000 and the proviso introduced only under the Tamil Nadu Act 49 of 2008, that the said proviso has no application

to the present case. Hence, the petitioner is entitled to have the benefit of input-tax credit, once the turnover exceeds Rs. 50,00,000 limit. Going by

the Commissioner's clarification, the benefit of input-tax credit has to be extended to the assessee like the petitioner, the moment the petitioner's

turnover exceeded Rs. 50,00,000 and that he would not be eligible to be assessed u/s 3(4) of the Tamil Nadu Value Added Tax Act.

2. It is seen that in the rectification petition filed, the petitioner pointed out to the turnover of the year crossing Rs. 50,00,000 and that the

assessment made by the officer was going against the Commissioner's clarification dated August 29, 2007 and hence, the same was liable to be

set aside. On the admitted facts as to the petitioner's turnover is more than Rs. 50 lakhs, the Commissioner's clarification is binding on the

assessing authority, it is necessary that the assessment has to be reviewed in accordance with law as well as the clarification. It however has to be

noted that in the rectification petition filed by the petitioner, there are hardly any details as to the month when the turnover exceeded Rs. 50,00,000

limit for the purpose of granting the benefit of input-tax credit.

3. In the circumstances, the order passed by the respondent is set aside and the petitioner is hereby directed to furnish the details of the turnover

crossing Rs. 50,00,000. On such furnishing of the details, the respondent shall take into account the Commissioner's clarification and pass orders

in accordance with law. With the above observation, the writ petitions are disposed of. No costs. Consequently, connected MPs are closed.