

GOVERNMENT OF ASSAM
OFFICE OF THE COMMISSIONER OF TAXES::ASSAM::KAR BHAWAN
DISPUR,GUWAHATI.

ORDER

No. CTS-14/2012/269

Dated: Dispur 02/05/2014

M/S P.R.Trade & Industries, Industrial Area(CITI) Campus, Kalapahar, Ghy-781016 has filed an application under Section-105 of the AVAT Act, 2003 seeking clarification regarding rate of tax on "Iron Kadai". The application is found in order and hence admitted.

Shri. Bikash Agarwala, authorized representative appeared on behalf of the firm and placed his submissions. He submitted that the applicant is a proprietorship firm engaged in the business of supply of utensils, computer, furniture etc. to various Govt. Dept. in the State of Assam. He also submitted "Iron Kadai" being Steel Utensils shall be taxable @ 5% under entry no. 6 of Second Schedule.

Perused the submissions and entries of AVAT Act are examined. The product in dispute is Iron Kadai. The dealer contended that iron kadai is nothing but is a steel utensil. On examination it appears that iron is an element while steel is an alloy of iron and carbon. Steel is a derivative of iron. Iron undergoes a physiochemical process in which it transforms into a new product that is steel having distinct physical and chemical characteristics. Steel has more tensile strength and hence it is stronger than iron. Also it has better tension and compression properties. Moreover transformation of iron to steel enhances its efficiency. Hence, in view of the above it is clear that iron and steel are two distinct entities with different composition and characteristics. Steel is better than iron because it is durable, strong, stable and more ductile.

Also, Entry-6 of second schedule part A of AVAT Act clearly specifies the compositions of utensils viz. Aluminium, Steel, Brass and enameled utensils in a very specific manner excluding other utensils in general. Hence, the scope of entry of utensils made of iron in the said schedule does not arise. From the above it is clarified that the product iron kadai is an iron utensil and shall be taxable @14.5% as per entry at Sl. No.1 of fifth schedule.

Sd/-
Dr.J.B.Ekka, I.A.S.
Commissioner of Taxes, Assam,
Guwahati

Memo No. CTS- 14/2012/269-A

Dated :Dispur 02/05/2014

Copy to:

1. The Additional Chief Secretary to the Government of Assam, Finance Department, Dispur for favour of kind information.
2. The Addl. Commissioners of Taxes/Joint Commissioners of Taxes (All), Head Office for information.
3. The Deputy Commissioners of Taxes, Zones (All) for information.
4. The Assistant Commissioners of Taxes/Superintendents of Taxes (All) for information and necessary action.
5. M/S P.R.Trade & Industries, Industrial Area(CITI) Campus, Kalapahar, Ghy-781016 for information.

3/5/14
(Mrs. R.D. Borah),
Addl. Commissioner of Taxes, Assam,
Guwahati.

M.D.S.
3/5/14