SUB :- Tax on Skimmed Milk Powder.

Skimmed Milk Powder is taxable @ 5% under the Assam Value Added Tax Act, 2003 as per entry at Sl. No.60 of part-A of the Second Schedule. It has come to our knowledge that many dealers are misclassifying milk powder as skimmed milk powder and paying tax @ 5% instead of 13.5%. As such Government may be losing substantial amount of revenue.

As per the Prevention of Food Adulteration (PFA) Rules, 1955, skimmed milk powder shall not contain more than 1.5 per cent milk fat and moisture shall not exceed 5.00 per cent. Some products are sold as skimmed milk powder with added fat and sugar. In case of such products total fat percentage has to be considered. If any milk powder contains more than 1.5 per cent milk fat, it will not be considered as skimmed milk powder.

As such Assistant Commissioner of Taxes / Superintendent of Taxes are directed to examine the case records of the dealers dealing said products in the line of above observation and determine tax liability accordingly. If any such misclassification is noticed they shall take necessary action as per provision of the Assam Value Added Tax Act, 2003.