



Government of Karnataka
Commercial Taxes Department

**PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,
(KARNATAKA), BANGALORE- CLARIFICATION UNDER SECTION 59(4) OF THE
KARNATAKA VALUE ADDED TAX ACT, 2003.**

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Sub: KVAT Act, 2003 - Clarification under Section 59(4) regarding
rate of tax applicable on 'Lassi (Mango/Grape) - reg.

Ref: Applications dated: 12-06-2013 and 05-08-2013 of
Smt. Deepa Lakshmi.J, Proprietrix, M/s Akash Traders,
Bangalore - TIN No.-29880675521.

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In the application dated 12-06-2013 cited above, Smt. Deepa Lakshmi.J. Proprietrix of M/s Akash Traders, No.3/3, 4th Main Road, 2nd Cross, Bairasandra Jayanagar 1st Block East, Bangalore – 560 011 has sought clarification regarding the rate of tax applicable on 'Lassi (Mango / Grape)'.

2. Section 59(4) of the Karnataka Value Added Tax Act , 2003 empowers the Commissioner of Commercial Taxes to clarify the rate of tax payable under the Act, if he considers it necessary or expedient so to do, for the purpose of maintaining uniformity in the work of assessments and collection of revenue. It is examined and found that the clarification requested by the petitioner is within the scope of the aforesaid provision and it is necessary that the clarification be issued for the purpose of maintaining uniformity in the work of assessments and collection of revenue.

3. As requested, the applicant was heard on 05-08-2013. During hearing, the applicant's authorised representative Sri K.R.Kini, Advocate has filed written submissions as under.

"1. The product intended to be sold by the applicant is Lassi mixed with Mango or Grape pulp. The Hon'ble Uttarakhand High Court in the case of Gujarath Co-operative Milk Marketing Federation Ltd. Vs. Commissioner of Commercial Taxes, has held that masala added to butter milk is butter milk and is exempted. The process followed by the applicant which has been depicted in the process chart is of similar nature and accordingly the lassie mixed with mango or grape pulp intended to be sold by the applicant is exempted. Since as per entry No.19 to First Schedule of the KVAT Act, the curd and butter milk are exempted from payment of VAT.

2. Without prejudice to what is stated above even if it is considered for the sake of argument that the product i.e. lassi (mango / grape) is not exempted even then it would attract VAT at 5.5% in view of Entry No.3 of the Third Schedule of the Karnataka Value Added Tax Act, 2003 which reads – “All processed fruit and vegetables including fruit jams, jelly, prickly, fruit squash, paste, fruit drink and fruit juice (whether in sealed container or otherwise).

He has also filed a memo dated 09.08.2013, wherein he has reiterated the submissions made on 05.08.2013.”

4. The matter is examined.

(1) Mango or Grape Lassi is produced after various processes. The process chart furnished by the applicant indicates that the raw materials needed are standardized pasteurized double toned milk, mango pulp / grape concentrate, sugar, emulsifier, flavour, etc. Standardized pasteurized double toned milk which is one of the raw materials needed, undergoes various processes namely conversion into curds by “inoculate DVS culture”, thereafter addition of mango pulp / grape concentrate, sugar, emulsifier, flavour and water, pro-heating and homogenization. Therefore, the view of the applicant that Mango or Grape lassi falls within entry 19 of the First Schedule is not acceptable.

(2) Entry 19 of the First Schedule to be KVAT Act 2003 reads as under.

“Entry 19 :: Curd and Butter Milk”.

As against this, entry 25 of First Schedule to the Uttarakhand Value Added Tax Act, 2005 reads as under:-

“Entry 25... Fresh milk, pasturised milk, butter milk, separated milk, curd and lassi”.

Thus ‘lassi’ mentioned in the entry 25 is exempted from payment of tax under the Uttarakhand Value Added Tax Act, 2005, whereas it is not so under the KVAT Act, 2003.

(3) It has already been clarified vide CLR.CR.140/12-13, dated 31.10.2013, that ‘Lassi’ is an unscheduled goods and taxable under section 4(1)(b)(iii) of the KVAT Act, 2003.

