

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE
RULINGS UNDER SECTION 60 OF THE KARNATAKA VALUE ADDED TAX, 2003
READ WITH RULES 164 AND 165 OF THE KARNATAKA VALUE ADDED TAX
RULES, 2005.**

PRESENT

- : (1) Sri M.D.JAIN,
Addl. Commissioner of Commercial Taxes,
(Head Quarters)-1, Bangalore and Chairman.
- (2) Sri H.D.Arunkumar,
Addl. Commissioner of Commercial Taxes,
(Policy & Law), Bangalore and Member.
- (3) Sri R.Jagadish Prasad,
Addl. Commissioner of Commercial Taxes,
(GST), Bangalore and Member.

NAME AND ADDRESS
OF THE APPLICANT

: Sri Shivananda Ganesh Hegde,
M/s. S.S. Industries
No.937, Kalammanagar,
Yellapur, (UK District)-581359

TIN

: 29560277221

JURISDICTIONAL
ASSESSING AUTHORITY

: ACCT, LVO-370, Sirsi

REPRESENTED BY

: Nobody represented the Applicant

ORDER NO.AL.R.CLR.CR-36/12-13 DATED 14-05-2013

M/s. S.S. Industries, No.937, Kalammanagar, Yellapur (UK District) borne on the files of ACCT, LVO-370, Sirsi having TIN 29560277221 ('the Applicant', for short) has filed an application in Form VAT-540 dated 08-08-2012 under Section 60 of the KVAT Act, 2003. The Applicant is involved in the manufacture of solar fencing insulators and solar battery used in Solar Fencing System. Sri Shivananda Ganesh Hegde, Applicant in his letter dated 22-04-2013 has expressed his inability to appear for the hearing on 27-04-2013 and requested to clarify the rate of tax without his presence. Accordingly, the matter is taken up for making a decision on merits and to issue clarification.

The Applicant vide annexures alongwith his application has narrated the facts and the applicable rate of tax as under:

"Annexure-1.

Clarification on rate of tax applicable on goods is sought :

1. Rate of tax applicable on Solar Fencing insulators.
2. Battery used in solar fencing equipments.

Annexure-2

Statement of the relevant facts :

I am a manufacturer of solar fencing insulators. The raw material used for manufacture of this insulator is plastic granules. This insulator is solely used in solar fencing system. These insulators cannot be used in any electrical / electronic power supply system other than solar fencing system. The solar fencing system is used by the farmers to protect their crops from domestic animals as well as wild animals. This fencing system is exclusively used by the farmers.

The battery used in solar fencing system is to provide backup power supply to the fencing system, which provides uninterrupted power supply during day and night.

Annexure-3

The applicant's understanding of rate of tax :

Applicants understanding is that the rate of tax applicable to

1. Solar Fencing Insulators is 14% (14.5% from 01-08-2012)
2. Battery used in solar fencing system is 14% (14.5% from 01-08-2012). "

The Applicant has produced the samples of the insulators (four different varieties) alongwith his application. These insulators are manufactured out of plastic granules and are used as a part of the solar fencing system. The Applicant has failed to demonstrate that the solar fencing system are nothing but renewable energy devices and are classifiable under Entry No.80 of the Third Schedule of the KVAT Act, 2003. Therefore, the insulators which are used in making of the solar fencing system cannot be classified as parts of renewable energy devices. Further, these items are manufactured out of plastic granules and for which there is no specific entry in any of the Schedules of the KVAT Act, 2003 and therefore we are of the view that these products are classifiable under the residuary entry under Section 4(1)(b) of the KVAT Act, 2003 for which the applicable rate of tax is 14.5%. In addition to the above said analysis, the Applicant in his application dated 08-05-2012 has indicated that the rate of tax on Solar Fencing Insulators and Battery used in Solar Fencing System is taxable at 14.5% and therefore we have no hesitation to clarify that the insulators which are used in the Solar Fencing System are taxable at 14.5%. Further, the Applicant has not produced any literature pertaining to the batteries which are used in the Solar Fencing System. The Applicant also has not produced any samples of the batteries and therefore the said batteries can also be used elsewhere and therefore it is not proper to say that the batteries so used are parts of the renewal energy devices. Hence, we deem it proper to clarify that the batteries which are used in the solar fencing system are taxable at 14.5% under the residuary entry.

