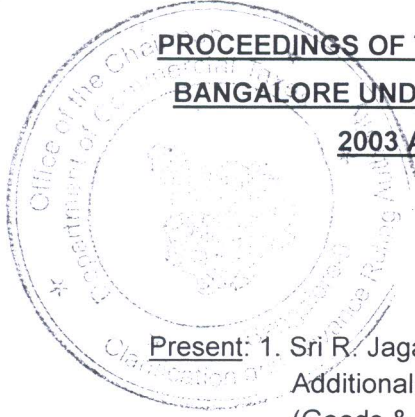


**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULINGS,
BANGALORE UNDER SECTION 60 OF THE KARNATAKA VALUE ADDED TAX ACT,
2003 AND RULE 164 AND 165 OF THE KVAT RULES, 2005**



Present: 1. Sri R. Jagadeesh Prasad,
Additional Commissioner of Commercial Taxes
(Goods & Service Tax), Bangalore.

.....Chairman.

2. Sri S.A.Manvi,
Additional Commissioner of Commercial Taxes
(Intelligence & Co-ordination), Bangalore.

.....Member.

3. Sri Sayeed Ahmed Khan,
Additional Commissioner of Commercial Taxes
(Head Quarters-1), Bangalore.

.....Member.

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| Name and address of the applicant | M/s.Foods Fats & Fertilisers Ltd, No.46/5, (Old No.46/B), Behind Govardhan Theatre, Yeshwanthpur, Bangalore – 22. |
| TIN | 29960081061 |
| Jurisdictional LVO on whose files the applicant is borne. | LVO – 050, Bangalore |
| Nature of activity of the applicant | Edible oil manufacturer |
| Represented by | Sri A.K.S. Murthy, Vice-President (Co-ordination) |

ORDER NO.AR.CLR.CR.52/2012-13, DATED: 15.04.2015

1. The applicant M/s.Foods Fats & Fertilisers Ltd, No.46/5, (Old No.46/B), Behind Govardhan Theatre, Yeshwanthpur, Bangalore – 22 is a registered dealer under the provisions of the KVAT Act, 2003 with TIN. 29960081061 borne on the files of the Assistant Commissioner of Commercial Taxes, LVO-050, Bangalore. This is a limited company engaged in manufacturing of edible oil.

2. The applicant has sought clarification on the rate of tax applicable for the commodity 'vegetable fat spread'. It is the understanding of the applicant that the said commodity is an edible oil product and is consumed directly as edible oil. Hence, the same should be taxed at the applicable rates on par with other edible oils.
3. Sri A.K.S. Murthy, Vice-President (Co-ordination) of the company appeared before this authority and he was heard. The application and connected documents were examined. The applicant has contended that the definition of the vegetables fat spread as per the FSS (Food Products Standards and Food Additives) Regulation, 2011 is as under;
 - (1) Fat spread means a product in the form of water in oil emulsion, of an aqueous phase and a fat phase of edible oils and fats excluding animal body fats. Vegetable fat spread will be a mixture of any two or more of hydrogenated, un-hydrogenated refined vegetable oils or interesterfied fat.
 - (2) Vegetable fat spread is consumed directly as bread spread.
 - (3) In Karnataka, all types of edible oils falling under Entry No.31 in Schedule No.III of KVAT Act, 2003, are taxable at the rate of 5.5% as on today.

With the above, the dealer has submitted that the vegetable fat spread is also edible oil consumed directly and hence to be taxed at the applicable rate on par with other edible oils under Entry No.31 of the 3rd schedule to the KVAT Act, 2003.

4. In this regard, it is appropriate to ascertain what is 'fat spread' basically. As per Food Safety and Standards (Food Products Standards and Food additives) Regulations, 2011 Act, the fat spread and edible oils are defined separately.

Regulation 2.2.5(3) '**Fat Spread**' means a product in the form of water in oil emulsion, of an aqueous phase of edible oils and fats excluding animal body fats. The individual oil and fats used in the spread shall conform to the respective standards prescribed by the regulations. Fat spreads can be of 3 groups namely, milk fat spread, mixed fat spread and vegetable fat spread. In milk fat spread, fat content will be exclusively milk fat. In mixed fat spread, fat content will be a mixture of milk fat with any one or more of hydrogenated, unhydrogenated refined edible vegetable oils or interesterfied fat. In Vegetable fat spread, fat content will be a mixture of any two or more of the hydrogenated, unhydrogenated refined vegetable oils or interesterfied fat. Fat spread shall be compulsorily sold in sealed packages weighing not more than 500 g under Agmark certificate mark.

