



M/s. Amalgamated Bean Coffee Trading Co Ltd, Bangalore | AR.CLR.CR.08/13-14

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULINGS UNDER SECTION 60 OF THE KARNATAKA VALUE ADDED TAX ACT, 2003 READ WITH RULES 163 TO 165 OF THE KARNATAKA VALUE ADDED TAX RULES, 2005

PRESENT

- : (1) M.D.Jain
Additional Commissioner of Commercial Taxes (Head Quarters-I), Bangalore and Chairman.
- (2) H.D.Arunkumar,
Additional Commissioner of Commercial Taxes (Policy & Law), Bangalore and Member.
- (3) R.Jagadeesh Prasad,
Additional Commissioner of Commercial Taxes (Goods and Service Tax), Bangalore and Member

NAME AND ADDRESS OF THE APPLICANT

: M/s.AMALGAMATED BEAN COFFEE TRADING COMPANY LIMITED, 23/2, 6th Floor, Coffee Day Square, Vittal Mallya Road, Bangalore-560 001

TIN

: 29670260719

JURISDICTIONAL ASSESSING AUTHORITY

: ACCT, LVO-20, Bangalore

REPRESENTED BY

: Sri S. Vishnu Murthy, Chartered Accountant and duly authorized representative.

ORDER NO.AR.CLR.CR.8/2013-14, DATED 12.9.2013.

1. The applicant is a dealer registered under the KVAT Act, 2003 ('the Act' for short) with TIN 29670260719, engaged in the business of sale of food and beverages at its restaurants. The applicant has sought clarification on its eligibility to deduct input tax paid on purchase of furniture, electrical and electronic goods and appliances, etc. for use in its café to provide convenience and comfort to its customers. The applicant's understanding is that even though the said goods are specified in Fifth Schedule to the Act, since the applicant is purchasing and using the said goods to provide convenience and comfort to its customers, thereby using the

said goods in the manufacture of other goods for sale, applicant is eligible to deduct input tax paid on the purchase of the above goods.

2. In support of its understanding, the applicant has made the following submissions: -

- a) In order to provide convenience and comforts to the customers in its restaurant, the applicant has effected purchase of certain goods specified in Fifth Schedule to the Act;
- b) Input tax paid on goods specified in Fifth Schedule can be deducted in calculating the net tax payable if such goods are purchased and used in the manufacture of other goods for sale;
- c) In the context of hotel industry, every purchase made to provide convenience and comfort to its customers for whom it is primarily or exclusively established, have to be treated as falling within the expression of the term 'used in the manufacture of goods for sale'.

3. The applicant's authorised representative Sri S.Vishnu Murthy, Chartered Accountant appeared before the Authority and he is heard. He has reiterated the submissions made in the application and also seeks to rely on the judgment of the Hon'ble High Court of Karnataka in the case of Mac Charles Brothers (Private) Limited (reported in 62 STC 452 and 82 STC 162).

4. The Joint Commissioner of Commercial Taxes (Administration), DVO-1, Bangalore, whose opinion was called for on the subject, has opined that deductibility of input tax paid on purchase of furniture, electrical and electronic goods and appliances etc., for use in the café to provide convenience and comforts to the customers, cannot be allowed.

5. Matter is examined.

- (1) The main submission of the applicant is that though the goods purchased are those mentioned in the Fifth Schedule as being input tax restricted

