



WEB COPY

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT
DATED: 04.05.2017

CORAM:
THE HONOURABLE MR.JUSTICE T.S.SIVAGNANAM
AND
THE HONOURABLE MR.JUSTICE P.VELMURUGAN

T.C.No.3 of 2011
and
M.P.(MD) No. 1 of 2011

Tvl. Sri. Padmavathy Cotton Mills
Rep by its Managing Partner,
Mr.N.R.Krishnamoorthy Raja,
No.69, Srivilliputtur Road,
Rajapalayam,
Virudhu Nagar District. ...Petitioner/Appellant
Vs.

Additional Commissioner(SMR)
Of Commercial Taxes,
Office of the Principal Secretary/Commissioner of Commercial
Taxes,
Chepauk,
Chennai-600 005. ...Respondent/Respondent

PRAYER: Tax Case Revision Petition is filed under Section 37 of
the TNGST Act, 1959, to revise the order of Additional
Commissioner dated 15.10.2010 passed in Ref No:M2/86491/97 SMR
No.II/254/98.

For Petitioner : Mr.A.S.Mujibur Rahman
For Respondent : Mr.R.Karthikeyan
Additional Government Pleader

O R D E R

[Order of the Court was made by **T.S.SIVAGNANAM, J.**]

Heard Mr.A.S.Mujibur Rahman, appearing for the petitioner and
Mr.R.Karthikeyan, learned Additional Government Pleader appearing
for the respondent.

2. The Tax Case Revision has been filed by the assessee
challenging the order passed by the Additional Commissioner of
Commercial Taxes in the appeal filed against the assessment made
on the petitioner dealer. The question of law is whether the
transfer of bank yarn obligation is akin to transfer of REP
licence / exim scrips involving all the element of sale including



bargaining between seller and buyer and consideration for such transfer.

3. The question has already been decided by the Honourable Supreme Court in the case of **Rajaratna Mills Limited vs. Commercial Tax Officer-1, Palani** in **Civil Appeal No.62 of 2008**, dated **08.04.2016**, by passing the following order:

"After hearing learned counsel for the parties, we are of the opinion that the High Court has rightly held that once the hank yarn obligation created by excess production is transferred in the form of scrip, thereafter it would take the character of goods and would be exigible to sales tax. The finding to this effect of the High Court is, thus, without blemish and does not call for any interference.

It was also argued by the learned counsel for the appellant that it was not a case where the penalty should have been imposed. It was argued that since the hank yarn utilisation was transferred only for statistical / date purposes without giving actual delivery of the hank yarn, the penalty should not have been imposed. The High Court has not dealt with this aspect. We find that a specific plea was taken in this behalf in the writ petition filed before the High Court. It is submitted in the grounds mentioned in the appeal that this plea was raised before the High Court as well.

Normally, in such circumstances, we would have relegated the appellant to the High Court to raise this plea and would have called upon the High Court to decide the same. However, we find that the impugned order is of the year 2004 and no useful purpose would be served in remanding the case on this limited aspect to the High Court. More so, when the entire record to decide the issue is placed before this Court as well.

Thereafter, we have considered the aspect of penalty as well on merits and find substance in the aforesaid contention of the learned counsel for the appellant.

Thus, this appeal is allowed to a limited extent. While retaining that part of the order whereby liability of sales tax is imposed upon the appellant, we set aside the penalty that is imposed.

The appeal is disposed of in the aforesaid terms."

<https://hcservices.ecourts.gov.in/hcservices/>

4. Following the referred decision of the Honourable Supreme



Court, the Tax Case Revision is dismissed. No costs. Consequently, connected miscellaneous petition is closed.

Sd/-

Assistant Registrar(A.S)

/True Copy/

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Sub Assistant Registrar

To

1.Additional Commissioner(SMR)
Of Commercial Taxes,
Office of the Principal Secretary/Commissioner of Commercial
Taxes,
Chepauk,
Chennai-600 005

2.The Commercial Tax officer-II,
Rajapalayam.

3.The Appellate Assistant Commissioner(CT),
Virudhunagar.

+1cc to M/S.A.S.Mujbur Rahman,Advocate,SR.55634

T.C.(MD)No.3 of 2011

and

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AKV/SM

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