



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12.03.2018

CORAM:

THE HON'BLE MR.JUSTICE S.MANIKUMAR

AND

THE HON'BLE MRS.JUSTICE V.BHAVANI SUBBAROYAN

WEB COPY

Tax Case (Revision) No.38 of 2018

The State of Tamil Nadu,
Represented by the Joint Commissioner (CT),
Coimbatore Division, Coimbatore. ... Appellant/
Appellant

..Vs..

Tvl. Unitech Packaging,
Rayar Thottam,
Ravathur Post, Coimbatore. ... Respondent/
Respondent

Tax Case Revision filed under Section 38 of the TNGST Act, 1959 against the order of the Tamil Nadu Sales Tax Appellate Tribunal (Additional Bench), Coimbatore dated 29th day of July 2011 and passed order in CTA No.23 of 2009.

For Petitioner : Mr.V.Hari Babu
Additional Government Pleader (Taxes)

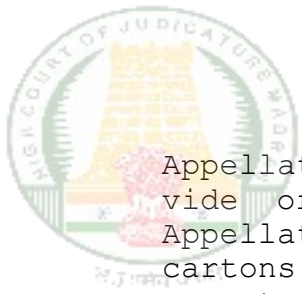
ORDER

(Order of the Court was made by S.MANIKUMAR, J)

Instant Tax Case (Revision) is filed against the order of the Tamil Nadu Sales Tax Appellate Tribunal (Additional Bench), Coimbatore dated 29.07.2011 made in C.T.A.No.23 of 2009.

2. Short facts leading to the filing of the appeal are that the respondent, Tvl.Unitech Packaging, manufacturers and dealers in corrugated boxes were finally assessed for the assessment year 2000-2001 under the Tamil Nadu General Sales Tax Act, 1959 by the Deputy Commercial Tax Officer, Palladam. During the course of check of accounts, it was found that the respondent had purchased goods against Form XVII declarations and used the same in the manufacture of goods which were sold to exporters. Hence, the Assessing Officer worked out the liability under Section 3(4) of the Act of the Purchase Value against Form XVII and by using a formula the turnover was determined as Rs.12,76,031/- at 1%.

3. Aggrieved against the order of the Assessing Officer,
<https://hcservices.ecourts.gov.in/hcservices/> the respondent / dealer has filed an appeal before the



Appellate Assistant Commissioner (CT) (Main), Pollachi, and vide order in AP.No.81 of 2004, dated 18.05.2007, the Appellate Assistant Commissioner, observing that the sale of cartons manufactured on the strength of Form XVII, are exempted by the Government by Notification and that Section 3 (4) of the TNGST Act, 1959 stipulates levy of tax on exports only, partly allowed the appeal by setting aside the levy of tax on the turnover under Section 3(4) for the year 2000-2001 and remanded to the Assessing Authority.

4. Against the orders of the Appellate Assistant Commissioner (CT), Pollachi, the State has preferred an appeal before the Tamilnadu Sales Tax Appellate Tribunal (AB) Coimbatore in CTA No.23 of 2009.

5. Following the decision of this Court in Tube Investment of India Ltd., v. State of Tamil Nadu reported in [2010] 36 VST 67 (Mad.), the Appellate Tribunal, by order dated 29.07.2011, dismissed the appeal filed by the State, by stating that the export sale is fully covered by the definition of sale under Section 2(n) read with Explanation 3 (a) of the TNGST Act and the assessing authority cannot levy tax under Section 3(4) of the Act.

6. Aggrieved against the order of the Tribunal, State has filed the instant Tax case (Revision) on the following substantial questions of law.

"1. Whether the order of the Appellate Tribunal is correct in interpreting the expression "does not sell the goods so manufactured "occurring in sub Section (4) of Section 3 of the Tamil Nadu General Sales Tax Act, 1959 as including not only intra state but also export sale?

2. Whether the Appellate Tribunal is correct in invoking the principle of situs as envisaged in explanation 3(a) to Section 2(n) of the Tamil Nadu General Sales Tax Act, 1959 for the purpose of interpretation of the expression "does not sell the goods so manufactured" as contained in sub Section (4) of Section 3 of the Act so as to bring it within the ambit of the said explanation?

3. Whether the Appellate Tribunal is legally correct in distinguishing the judgment of Hon'ble Supreme Court in the case of State of Karnataka vs. B.M.Ashraf & Co. reported in 107 STC 571 wherein it was held that a sale deemed to be in the course of export under Section 5(3) of the Central Sales Tax Act, 1956 cannot be regarded as an interstate sale?

4. Whether the Appellate Tribunal is correct in construing that the levy of tax attracted under Section 3(4) of the Act in the event of export sale



of the manufactured goods as being a direct levy on the export sale itself and thus contravening Article 286 of the Constitution?

5. Whether the Appellate Tribunal is correct in placing a construction on the expression "in any other manner" occurring under sub Section (4) of Section 3 of the Tamil Nadu General Sales Tax Act, 1959 would not include export sale within its ambit?

6. Whether the Appellate Tribunal has failed to appreciate that sections 3(3) and 3(4) of the Tamil Nadu General Sales Tax Act, 1959 are not designed as charging provisions as evident from the non-obstante clause occurring at the beginning of Section 3(3) of the said Act?

7. Whether the Appellate Tribunal has totally failed to consider that Tamil Nadu General Sales Tax Act, 1959 was enacted to levy tax on sales or purchases within the State of Tamil Nadu alone as evident from the pre-factory explanation to the said Act?"

7. Earlier, on the similar set of facts and substantial questions of law, following the decision of this Court in Tube Investment of India Ltd., v. State of Tamil Nadu, reported in [2010] 36 VST 67 (Mad.), and other similar cases, we dismissed Tax Case Revision Nos.42 & 43 of 2017, filed by the State, at the admission stage itself.

8. As the instant Tax Case (Revision) is similar, on facts and law, following the decision in Tube Investment of India Ltd., v. State of Tamil Nadu, reported in [2010] 36 VST 67 (Mad.), the same, is dismissed. Substantial questions of law are answered against the Revenue. No Costs.

Sd/-

Assistant Registrar(CS III)

//True Copy//

Sub Assistant Registrar

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To

The Joint Commissioner (CT),
Tamil Nadu Sales Tax Appellate Tribunal, (Addl.Bench)
Coimbatore Division, Coimbatore.

CNR(CO)

sm:5.4.2018

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