



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23-06-2026

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**THE HON'BLE DR JUSTICE G. JAYACHANDRAN
AND
THE HON'BLE MRS.JUSTICE N. MALA**

Tax Case No. 42 of 2015

The State of Tamil Nadu
Joint Commissioner CT,
Chennai East Division,
Chennai 600 006.

..Petitioner

Vs

M/s HDFC Bank Ltd.,
Mariam Centre, 3rd Floor,
No.751-B, Anna Salai,
Chennai 2.

..Respondent

PRAYER: Tax Case (Revision) is filed under Section 38 of the TNGST Act, 1959, against the order of the Tamilnadu Sales Tax Appellate Tribunal, Chennai (Main Bench), Chennai, dated 21.10.2011 and passed in T.A.No.27 of 2010.

For Petitioner: Ms.Amirtha Poonkodi Dinakaran
Government Advocate (Taxes)

For Respondent: No appearance

ORDER

(Order of the Court was made by Dr.G.Jayachandran J.)

This appeal is filed by the Department challenging the order passed by the Sales Tax Appellate Tribunal (STAT). The Tribunal held that the sale of



gold coins engraved with the picture of Goddess Lakshmi must be considered as a sale of gold coin as bullion in uncoined form, liable to tax at the rate of 1% and not being treated as jewellery or the articles of gold taxable at the rate of 4%. As a consequence of its finding, the differential tax and penalty imposed, remitting the matter to the Assessing Officer to refix the tax and penalty accordingly on merit and as per law.

2. On considering the questions of law involved, this Court formulated the following the substantial questions of law:

“(1) Whether the order of the Appellate Tribunal is correct in interpreting the sale of gold coin as bullion in uncoined form?”

“(2) Whether the order of the Appellate Tribunal is right in law is correct in interpreting the sale of gold coin embossed with Goddess Lakshmi Mudra on it as bullion in uncoined form?”

“(3) Whether the Appellate Tribunal is legally correct in interpreting the sale of gold coin as bullion in uncoined form, when the Hon’ble High Court of Kerala in the case of respondent reported in 36 VST 338 and 37 VST 549 held that sale of gold coin is semi finished gold article?”

“(4) Whether in the facts and in the circumstances of the case, the Tribunal is right in interpreting that the sale of gold coin embossed with Goddess Lakshmi Mudra amounts to sale of bullion in uncoined form even though some quantity of copper is mixed in that sale of gold coin?”

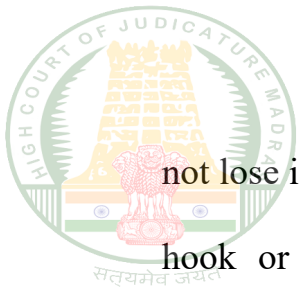


3. Despite service of notice to the respondent bank, none appeared on their behalf. To afford them an opportunity for their appearance, the case was adjourned from time to time for several occasions. On 17.06.2026, since there was no representation for the respondent, the matter was again adjourned. Today, the case is listed under the caption “Part-heard”.

4. The learned counsel appearing for the appellant, in addition to oral submissions, circulated a judgment of the Hon’ble Supreme Court in ***Deputy Commissioner of Sales Tax (Law), Board of Revenue (Taxes), Ernakulam Vs. M/s.G.S.Pai & Co*** reported in (1980) 1 SCC 142 and sought for intervention of this Court to set aside the order passed by the Tribunal and restore the order of the Appellate Authority.

5. The short point involved in this appeal is whether the respondent bank, dealing in gold coins, is liable to pay tax on its turnover at the rate of 1% or at the rate of 4% in respect of gold coins imported from Switzerland and sold with the picture of Goddess Lakshmi. If the gold coins are considered bullion, the tax rate is 1%, if they are considered articles of gold or jewellery, the tax rate is 4%.

6. In this regard, the Kerala High Court had rendered a judgment in support of the assessee, holding that a gold coin with an embossed picture does



not lose its character as bullion or convert into jewellery unless it is fitted with a hook or otherwise modified to be used as an ornament. Following these judgments, the Tribunal held that engraving the picture of Goddess Lakshmi on gold coins does not take away their character as bullion.

7. However, relying on the judgment of the Hon'ble Supreme Court cited *supra*, we find that how a piece of gold metal is to be treated as bullion or otherwise. The Apex Court observed as follows:-

"3. We will first consider the question whether the ornaments and other articles of gold purchased by the assessee fall within the description of "Bullion and specie" given in Entry 56. There are two expressions in this entry which require consideration; one is "bullion" and the other is "specie". Now there is one cardinal rule of interpretation which has always to be borne in mind while interpreting entries in sales tax legislation and it is that the words used in the entries must be construed not in any technical sense nor from the scientific point of view but as understood in common parlance. We must give the words used by the legislature their popular-sense meaning "that sense which people conversant with the subject-matter with which the statute is dealing would attribute to it". The word "bullion" must, therefore, be interpreted according to ordinary parlance and must be given a meaning which people conversant with this commodity would ascribe to it. Now it is obvious that "bullion" in its popular sense cannot include



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ornaments or other articles of gold. "Bullion" according to its plain ordinary meaning means gold or silver in the mass. It connotes gold or silver regarded as raw material and it may be either in the form of raw gold or silver or ingots or bars of gold or silver. The Shorter Oxford Dictionary gives the meaning of "bullion" as "gold or silver in the lump; also applied to coined or manufactured gold or silver considered as raw material". So also in Jowitt's Dictionary of English Law and Wharton's Law Lexicon we find that the following meaning is given for the word "bullion": "Uncoined gold and silver in the mass. These metals are called so, either when melted from the native ore and not perfectly refined, or where they are perfectly refined, but melted down into bars or ingots, or into any unwrought body, of any degree of fineness." It would, therefore, be seen that ornaments and other articles of gold cannot be regarded as "bullion" because, even if old and antiquated, they are not raw or unwrought gold or gold in the mass, but they represent manufactured or finished products of gold. Nor do they come within the meaning of the expression "specie". The word "specie" has a recognised meaning and according to Webster's New World Dictionary, it means "coin, as distinguished from paper money." The Law Dictionaries also give the same meaning of "specie" as "metallic money" and in Black's Law Dictionary, it is described as "coin of the precious metals, of a certain weight and fineness, and bearing the stamp of the Government, denoting its value as currency" while Words and Phrases Permanent Edition Vol. 39-A also gives the same meaning. Therefore, according to



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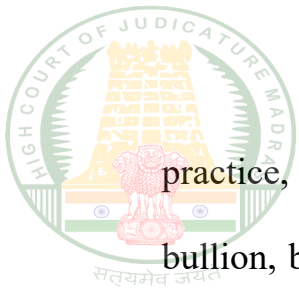


common parlance, the word "specie" means any metallic coin which is used as currency and if that be the true meaning, it is obvious that ornaments and other articles of gold cannot be described as "specie". It would thus seem clear that the ornaments and other articles of gold purchased by the assessee do not fall within Entry 56 and they are, accordingly, liable to be taxed not at the lesser rate of 1 per cent applicable to "bullion and specie" but at the general rate of 3 per cent under Section 5-A read with Section 5(1)(ii) of the Act."

8. Bullion exists either as a bar or an ingot directly from the manufacturing unit. It becomes a common commodity subject to a melting or manufacturing process, getting converted into a different shape with specific markings that cause it lose the character of bullion. More particularly, the embossing or engraving a picture whether it is of Goddess Lakshmi or anything else, carries a value addition that changes the character of the metal.

9. The bar or ingots has undergone a manufacturing process transforming them into coins, engrossing the picture of Goddess Lakshmi and the weight of the coin.

10. While so, these finished metal items cannot be treated on par with ingots or into any unwrought body, of any degree of fineness. In common trade



practice, gold coins with engraved pictures are not sold for a price par with bullion, but with a value addition that includes making charges and wastage. It is not the case of the bank that they sold these gold coins on par with bullion rates. Further, for a part of the turnover, the respondent bank itself realized that the sale of these gold coins is taxable under the category of gold jewellery/articles and had collected the higher rate of tax (i.e.) 4%.

11. As a result, we uphold the findings of the Appellate Authority, which has observed that while bars and ingots are bullion, manufactured items and articles are distinct commercial products and cannot be classified as bullion.

12. Consequently, this Tax Case Appeal stands allowed. The order of the Sales Tax Appellate Tribunal is set aside, and the assessment order passed by the Appellate Authority is hereby restored.

(Dr.G.J.,J.) (N.M.,J.)
23-06-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

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and
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