

No.: CTS-83/2007/69

Dated Dispur, the 29th August, 2008

Sub: Clarification on the rate of tax on cotton coated fabric under the Assam Value Added Tax Act, 2003.

Extract of the Order

It is clarified that the note-1 of Chapter 59 of Central Excise Tariff Act, 1985 states that except where the context otherwise requires, for the purposes of this chapter, the expression “textile fabrics” applies only to the woven fabrics of chapter 50 to 55 and heading 5803 and 5806, the braids and ornamental trimming in the piece of heading 5808 and the knitted or crocheted fabrics of headings 6002 to 6006. Thus, for the purpose of Chapter 59 of Central Excise Tariff Act, 1985 also the term “textile fabrics” does not include coated fabrics. Further, coated fabric is an item manufactured by further processing i.e. impregnating coating, etc. the textiles with plastic or other material like rubber, etc and new product quite different from textile fabric is obtained. Hence, the coated cotton fabrics or rexin cloth is not covered under entry at Sl. No. 37 of the First Schedule of the AVAT Act. The item is declared goods under the Central Sales Tax Act, 1956. Therefore, the item is taxable @ 4% under entry at Sl. No. 23 of part-A of Second Schedule of AVAT Act, 2003.

Sd/-(Sanjay Lohiya)
Commissioner of Taxes, Assam
Dispur, Guwahati-6