

GOVERNMENT OF ASSAM  
OFFICE OF THE COMMISSIONER OF TAXES::::ASSAM::::GUWAHATI.

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ORDER

Dated Dispur, the 18<sup>th</sup> June, 2013.

No. CTS-42/2011/76 : M/s Shree Steel, S. J. Road, Chavipool, Guwahati-8 has filed an application as per provision of section 105 under the Assam Value Added Tax Act, 2003 seeking clarification as regards rate of tax on sale of scrap materials being scrap of vehicles, motorcycles etc. purchased by paying 13.5%..

Shri Dinesh Kumar Mour, authorized representative of the petitioner appeared and filed submission. He submitted that the petitioner is a dealer who deals in iron and steel which are classified as declared goods and taxable @5%. The petitioner intends to purchase goods from auction to be conducted by MSTC. The auction is for sale of disposal of old, unusable, discarded, depleted vehicles. As per the auction papers, the dealers participating in the auction would have to bid for the LOT and the successful bidder would have to pay VAT for the LOT at the rate of 13.5%. However as the petitioner is a dealer who deals in scrap, he will sell such LOT after dismantling the vehicles as scrap which will be taxable @5% being scrap of iron and steel. The said situation would result in buying the goods @13.5% and selling them @5%, thus enabling the dealer to get a refund of balance 8.5% of input tax credit.

Perused the submission. As per provision of section 14 of the Assam Value Added Tax Act, 2003, any registered dealer who makes purchases from another registered dealer of taxable goods other than the goods specified in the Fourth Schedule within the State, shall be eligible for input tax credit. Hence it is clarified that the petitioner shall be eligible for input tax credit subject to fulfillment of condition prescribed in the section such as a proper tax invoice, evidence that the tax invoice is issued by the selling dealer from whom the goods are purchased, the original invoice containing the details of tax charged separately by the selling dealer etc. It is further clarified that the petitioner, apart from selling iron scrap from the condemned vehicle, may also sell other scrap like plastic, rubber etc from such condemned vehicle, which shall be taxable @13.5%. Hence input tax credit shall be adjustable accordingly.

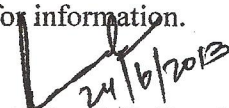
Sd/-Dr. J.B. Ekka, I.A.S.  
Commissioner of Taxes, Assam,  
Guwahati.

Memo No. CTS-42/2011/76-A

Dated Dispur, the 24<sup>th</sup> June, 2013.

Copy to:-

1. The Commissioner & Secretary to the Government of Assam, Finance (Taxation) Department, Dispur for favour of kind information.
2. The Addl. Commissioners of Taxes/Joint Commissioners of Taxes (All), Head Office for information.
3. The Deputy Commissioners of Taxes, (All) for information.
4. The Assistant Commissioners of Taxes/Superintendents of Taxes (All) for information and necessary action.
5. M/s Shree Steel, S. J. Road, Chavipool, Guwahati-8 for information.

  
(Mrs. R.D. Borah),  
Addl. Commissioner of Taxes, Assam,  
Guwahati