

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the State of Tamil Nadu on 14th September, 2011 is published together with Statement of Objects and Reasons for general information:—

L.A. Bill No. 29 of 2011

A Bill further to amend the Tamil Nadu Value Added Tax Act, 2006.

Be it enacted by the Legislative Assembly of the State of Tamil Nadu in the Sixty Second Year of the Republic of India as follows:—

1. (1) This Act may be called the Tamil Nadu Value Added Tax (Third Amendment) Act, 2011.

Short title and commencement.

(2) (a) The provisions of this Act except section 5 shall be deemed to have come into force on the 12th day of July 2011.

(b) Section 5 shall be deemed to have come into force on the 3rd day of August 2011.

Tamil Nadu
Act 32 of
2006.

2. In the First Schedule to the Tamil Nadu Value Added Tax Act, 2006 (hereinafter referred to as the principal Act),—

Amendment of
First
Schedule.

(1) in Part-B,—

(a) for the heading "Goods which are taxable at the rate of 4 per cent.", the heading "Goods which are taxable at the rate of 5 per cent." shall be substituted;

(b) the entries against Serial Number 2 shall be omitted;

(c) the entries against (i) and (ii) of Serial Number 27 shall be omitted;

(d) the entries against Serial Number 127 shall be omitted.

(2) in Part-C,—

(a) for the heading "Goods which are taxable at the rate of 12.5 per cent.", the heading "Goods which are taxable at the rate of 14.5 per cent." shall be substituted;

(b) after Serial Number 9 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

"(9-A) Beedi and Beedi Tobacco.";

(c) after Serial Number 13 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

"(13-A)(i) Cellular Telephone (Mobile Phone);

(ii) i-pod;

(iii) i-phone;

(iv) LCD Panels/ LED Panels;

(v) DVDs and CDs;

(vi) Parts and accessories of all the above.".

3. In the Second Schedule to the principal Act, after Serial Number 12 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

Amendment of
Second
Schedule.

"13 (i) Unmanufactured tobacco, tobacco refuse;

(ii) Gutkha, Pan masala;

(iii) Cigars and Cheroots and Cigarettes, Cigarillos of tobacco or of tobacco substitutes;

(iv) Hookha/ hoodku tobacco;

(v) Smoking mixtures for Pipes and Cigarettes;

(vi) Homogenised or reconstituted tobacco;

(vii) Chewing tobacco;

(viii) Preparations containing chewing tobacco;

(ix) Jarda, Scented tobacco;

(x) Snuff of tobacco and preparations containing snuff;

(xi) Tobacco extracts and essence;

(xii) Cut tobacco;

(xiii) Any other tobacco product, not specified in any of the Schedules.

Amendment of
Fourth
Schedule.

4. In the Fourth Schedule to the principal Act,—

(1) Part-A and all the entries thereunder shall be omitted.

(2) in Part-B,—

(a) the entry against Serial Number 1 shall be renumbered as (i) of that Serial Number; and after entry (i), as so renumbered, the following entries shall be inserted, namely:—

“(ii) Agricultural implements not operated manually or not driven by animal, sprayers, sprinklers and drip irrigation equipments including their parts and accessories.”;

(b) after Serial Number 14 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

“14-A (i) Cane or beet sugar and chemically pure sucrose in solid form

(ii) Palmyrah sugar.”;

(c) after Serial Number 17 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

“17-A (i) Chemical Fertilizers

(ii) Insecticides, Pesticides, Rodenticides, Germicides, Weedicides, Fungicides, Herbicides and combinations thereof, Anti-sprouting products, Plant-growth promoters, Plant Nutrients, Micro Nutrients, Bio fertilizers, Disinfectants and Gypsum of all forms and descriptions”;

(d) in Serial Number 65, for the expression “five hundred crores”, the expression “five crores” shall be substituted;

(e) after Serial Number 77 and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:—

“77-A. Textiles or woven fabrics produced or manufactured in India:—

At the point of
first sale in
the State.
20 per cent.”.

- (1) Woven fabrics of silk or of silk waste
- (2) (i) Woven fabrics of carded wool excluding hair belting
 - (ii) Woven fabrics of combed wool excluding hair belting
- (3) Woven fabrics of cotton
- (4) (i) Woven fabrics of synthetic filament yarn
 - (ii) Woven fabrics of artificial filament yarn
- (5) (i) Woven fabrics of synthetic staple fibres(ii) Woven fabrics of artificial staple fibres
- (6) (i) Woven pile fabrics and chenille fabrics of wool, cotton or man-made fibres
 - (ii) Terry toweling and similar woven terry fabrics and tufted textile fabrics
 - (iii) Gauze
 - (iv) Lace in the piece in strips or in motifs of cotton or man-made fibres
 - (v) Embroidery in the piece, in strips or in motifs
 - (vi) Narrow woven fabrics
- (7) (i) Textile fabrics coated with gum or amylaceous substances of a kind used for the outer covers of books or the like; tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics
 - (ii) Tyre cord fabric of high tenacity yarn nylon or polyamides, polyesters or viscose rayon
 - (iii) Textiles fabrics, impregnated, coated, covered or laminated with plastics
 - (iv) Fabrics covered partially or fully with textile flocks or with preparation containing textile flocks
- (8) Pile fabrics, including 'Long pile' fabrics and terry fabrics, knitted or crocheted.”

5. In the Fifth Schedule to the principal Act, after Serial Number 13 and the entry relating thereto, the following Serial Number and the entry shall be added, namely:—

“14. The Asian Development Bank.”

Amendment of
Fifth
Schedule.

STATEMENT OF OBJECTS AND REASONS

Value Added Tax was implemented in this State on and from the 1st day of January 2007. Even after a lapse of four years, revenue collections have not reached the expected level. Reduction of rate of Central Sales Tax from 4% to 2% by Government of India has also resulted in substantial revenue loss for a manufacturing State like Tamil Nadu. Based on the suggestion of the Empowered Committee of State Finance Ministers, several other States have already increased the rate of tax during the year 2010 itself. During the Union Budget session 2011-2012, the Government of India has permitted the States to increase rate of tax from 4% to 5% on declared goods.

2. The Government have therefore decided to revise the tax structure under the Tamil Nadu Value Added Tax Act, 2006 (Tamil Nadu Act 32 of 2006).

3. Further, on the representation of the Asian Development Bank (ADB), the Government decided to amend the Fifth Schedule to the Tamil Nadu Value Added Tax Act, 2006 (Tamil Nadu Act 32 of 2006) so as to include the said Organisation in that Schedule, for the purpose of enabling the said Organisation to purchase goods at zero rate.

4. To give effect to the above decisions, notifications were issued under sub-section (1) of section 86 of the said Tamil Nadu Act 32 of 2006 to amend the relevant Schedules to that Act. Under sub-section (2) of section 86 of the said Act, a Bill to replace the abovesaid notifications has to be introduced in the Legislative Assembly.

5. The Bill seeks to give effect to the above object.

Agri S.S. KRISHNAMOORTHY,
*Minister for Commercial Taxes
and Registration.*

A.M.P. JAMALUDEEN,
Secretary.