

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 5th December, 2014 is published together with Statement of Objects and Reasons for general information:-

L.A. BILL No. 28 OF 2014

***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-fifth Year of the Republic of India as follows:-

1. (1) This Act may be called the Tamil Nadu Value Added Tax (Amendment) Act, 2014.

Short title and commencement.

(2) It shall be deemed to have come into force on the first day of November 2014.

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), in PART-B, after Serial Number (132) and the entries relating thereto, the following Serial Number and entries shall be inserted, namely:-

Amendment of First Schedule.

“(132-A) Sugar of all kinds, that is, cane sugar, beet sugar, chemically pure sucrose in solid form and imported sugar of all kinds.”.

3. In the Second Schedule to the principal Act,-

Amendment of Second Schedule.

(1) against Serial Number 2, for item (ii) and the entries relating thereto in columns (2), (3) and (4) thereof, the following item and entries shall, respectively, be substituted, namely:-

“(ii) Alcoholic liquors of all kinds for human consumption, other than Beer, Wine, Draught Beer and liquors falling against Serial Numbers 1 and 3.	At the second point of sale in the State.	220 per cent.”;
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(2) against Serial Number 11, in column (2), for the entry “Sugar and textile products not produced or manufactured in India”, the entry “Textile products not produced or manufactured in India” shall be substituted;

(3) Serial Number 12 and the entries relating thereto shall be omitted;

(4) against Serial Number 13, in column (4), for the expression “20 per cent”, the expression “30 per cent” shall be substituted;

(5) in Explanation I, clauses (c) and (d) shall be omitted.

4. In the Fourth Schedule to the principal Act, in PART-B,-

Amendment of Fourth Schedule.

(1) Serial Number 10 and the entries relating thereto shall be omitted;

(2) against Serial Number 14-A, in column (2), item (i) shall be omitted;

(3) against Serial Number 36 in column (1), for the entry in column (2), following entry shall be substituted, namely:-

“Goods covered by Public Distribution System (except kerosene and sugar).”;

(4) after Serial Number 76 and the entries relating thereto, the following Serial Number and entry shall be inserted, namely:-

“76-A. Sugarcane of all varieties.”.

**STATEMENT OF OBJECTS AND REASONS.**

The Government of India levied additional excise duty in lieu of sales tax on sugar. With effect from 1-4-2007, sugar was exempted from the liability of additional excise duty and the Government of India advised all the States to impose Value Added Tax on the sale of sugar as a prelude to Goods and Services Tax. However, the Government of Tamil Nadu did not levy Value Added Tax on sugar. Imported sugar alone was taxable at 5% at the point of first sale in the State and sugarcane was taxable at the rate of Rs.60/- per metric ton at the point of last purchase in the State under the Tamil Nadu Value Added Tax Act, 2006 (Tamil Nadu Act 32 of 2006). With effect from the 1st November 2014, the Government of Tamil Nadu decided to levy tax at 5% on sugar of all kinds with provision to avail input tax credit on the purchases and to dispense with the levy of purchase tax on sugarcane.

2. The Government further decided to dispense with the graded rates of tax levied based on the basic price per case on alcoholic liquors of all kinds for human consumption, other than beer, wine and draught beer, at the second point of sale in the State, and to adopt a single rate of tax at 220% for the Indian Made Foreign Spirit on value addition at the second point of sale in the State under the said Act.

3. Taking into account the health hazards, the Government also decided to increase the rate of tax on tobacco and tobacco products from 20% to 30%.

4. The above decisions were given effect to from the 1st November 2014 by way of a notification issued under sub-section (1) of section 86 of the said Act to amend the relevant Schedules to that Act. Under sub-section (2) of section 86 of the said Act, a Bill to replace the above said notification has to be introduced in the Legislative Assembly.

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

M.C. SAMPATH,  
*Minister for Commercial Taxes and  
Registration.*

A.M.P. JAMALUDEEN,  
*Secretary.*