

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULINGS UNDER SECTION 60 OF THE KARNATAKA VALUE ADDED TAX ACT, 2003 READ WITH RULES 163 TO 165 OF THE KARNATAKA VALUE ADDED TAX RULES, 2005

PRESENT :

(1) M.D.Jain
Additional Commissioner of Commercial Taxes (Head Quarters-I), Bangalore and Chairman.

(2) H.D.Arunkumar,
Additional Commissioner of Commercial Taxes (Policy & Law), Bangalore and Member.

NAME AND ADDRESS OF THE APPLICANT : M/s.IPC TECHNOLOGY CONSULTING PVT LTD,
728, 10th Main, 4th Block, Jayanagar,
Bangalore - 560 011

TIN : 29610696961

JURISDICTIONAL ASSESSING AUTHORITY : ACCT, LVO-90, Bangalore

REPRESENTED BY : Sri R.N.Chirania,
Duly authorized representative.

ORDER NO.AR.CLR.CR.51/12-13, DATED 3.7.2013

1. M/s.IPC TECHNOLOGY CONSULTING PRIVATE LIMITED, # 728, 10th Main, 4th Block, Jayanagar, Bangalore - 560 011, with TIN-29610696961, ('the applicant' for short) a Private Limited Company, is a dealer registered under the KVAT Act, 2003 and engaged in the sale of books, digital video discs (DVDs) and software licences. The applicant has sought clarification on the rate of tax applicable on these goods and also on certificates issued by it to successful candidates or trainees. The understanding of the applicant is that the books and software licences are exempted from tax while digital video discs (DVDs) are taxable at 5.5%.

2. Sri R.N.Chirania, duly authorized representative of the applicant appeared before this Authority and he is heard. He re-iterated the submissions made in the application.

3. The Joint Commissioner of Commercial Taxes (Administration), DVO-3, Bangalore has given his finding on the nature of commodities dealt by the applicant. In his opinion, the 'books' dealt by the applicant are printed materials that fall under entry Sl. No.71 of Third Schedule to the KVAT Act, 2003 and are not books meant for reading that are exempt from tax under entry Sl. No.11 of First Schedule. Similarly, he opines that software licences and digital video discs (DVDs) dealt by the applicant get covered under entries in the Third Schedule to the KVAT Act, 2003.

4. The matter is examined.

(i) The sample of the 'book' furnished by the applicant is in fact a catalog (catalogue) of its publications. It is thus evident that it is not a book meant for reading but a printed material falling under entry Sl. No.71 of the Third Schedule to the KVAT Act, 2003.

(ii) The digital video discs (DVDs) sold by the applicant, as stated by the applicant contain training material for use by the corporate houses for in house training of their employees. It is one of the IT products notified under Sl. No.53 of the Third Schedule to the KVAT Act, 2003 in Notification No.FD 116 CSL 2006 (9), dated 31.3.2006 as amended by Notification No.FD 43 CSL 2007 (I), dated 23.3.2007 vide Sl. No.10 of the Table in the said notification.

(iii) The licences which are sold by the applicant for a consideration which enable the purchaser to download software relating to online visual training module and other programmes fall under entry Sl. No.34 of the Third Schedule to the KVAT Act, 2003.

(iv) The activity of providing training by the applicant and issue of certificates to the successful candidates or trainees does not involve any transfer of property in goods and hence it is not a transaction attracting the provisions of the KVAT Act, 2003.

5. In view of the above, this Authority clarifies as follows:

(i) 'Catalog' (Catalogue) sold by the applicant is liable to tax at 5.5% under entry Sl. No.71 of the Third Schedule to the KVAT Act, 2003.

