

**DEPARTMENT OF COMMERCIAL TAXES, KERALA**  
**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION**  
**U/s.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.**

*Members present are:*

**1. K.J. Valsala Kumari,**  
**Joint Commissioner (General),**  
**Office of the Commissioner of Commercial Taxes, Thiruvananthapuram.**

**2. T.V. Kamala Bai,**  
**Joint Commissioner (Law),**  
**Office of the Commissioner of Commercial Taxes, Thiruvananthapuram.**

**3. S.K. Suchala Kumar,**  
**Joint Commissioner (Audit & Inspection),**  
**Office of the Commissioner of Commercial Taxes, Thiruvananthapuram.**

Sub :- KVAT Act, 2003 - Clarification U/s 94 - Rate of tax of branded /  
unbranded Banana / Cassava chips - Orders issued.

Read :- Application from M/s. Tierra Foods India Private Limited, Kochi dtd.  
Nil.

**ORDER No.C3/24036/12/CT DATED 29/11/2012.**

1. M/s. Tierra Foods India Private Limited, Kochi has preferred an application U/s 94 of the Kerala Value Added Tax Act, 2003 seeking clarification on the rate of tax of branded / unbranded banana / cassava chips sold in nitrogen filled polythene packs.

2. The applicant is a unit engaged in processing agricultural crops, primarily banana and cassava, and selling them. The process involved is detailed below:

- *Raw banana / cassava is procured by the Company.*
- *The banana / cassava is cleaned and peeled and loaded on to a conveyor belt.*
- *The banana / cassava is then sliced by a slicing machine*
- *After slicing the same it is fried in oil and thereafter dried*
- *To the fried chips seasoning / flavours are added and then packed in nitrogen filled polythene pouches*
- *The pouches bear the brand name of the Company*
- *Thereafter the products are marketed and sold as branded banana / cassava chips, plain or flavoured, packed in nitrogen filled polythene packets*

3. The applicant would contend that Entry 49A of the Third Schedule read with Section 6(1)(a) of the Kerala Value Added Tax Act, 2003 lays out the tariff rates applicable for fried banana and cassava chips. The said entry do not use the term branded or unbranded. The applicant contends that banana, cassava or jack fruit chips whether branded or not would be covered under this entry and taxable @ 5%. The applicant placing reliance on the Budget

Speech, 2012 contends that it was proposed to reduce the tax rate for food items sold in airtight containers by enterprises producing value added ethnic foods such as banana chips and tapioca chips from 12.5% to 5%.

4. The applicant has requested to clarify the rate of tax of the following commodities:

1. Branded banana chips, flavoured, packed in nitrogen filled polythene packs.
2. Branded banana chips, plain, packed in nitrogen filled polythene packs.
3. Branded cassava chips, flavoured, packed in nitrogen polythene packs.
4. Branded cassava chips, plain, packed in nitrogen filled polythene packs.
5. Unbranded banana chips, flavoured, packed in nitrogen filled polythene packs.
6. Unbranded banana chips, plain, packed in nitrogen filled polythene packs.
7. Unbranded cassava chips, flavoured, packed in nitrogen filled polythene packs.
8. Unbranded cassava chips, plain, packed in nitrogen filled polythene packs.

5. Entry 49A of the Third Schedule to the Kerala Value Added Tax Act, 2003 is extracted hereunder:

**49A**     *Food products like, dry prawns / dry fish roasts, its chutneys and powders, coconut chutney powders, veppilai katti, Chukku Kappi Powder, Fried Chips made from banana, cassava and jack fruit.*

6. Entry 49A of the Third Schedule to the Kerala Value Added Tax Act, 2003 does not distinguish between branded chips / unbranded chips etc. Hence it is clarified that banana chips and cassava chips of all kinds, viz branded or un-branded would be taxable at the rate of 5% by virtue of Entry 49A of the Third Schedule to the Kerala Value Added Tax Act, 2003.

The issues raised above are clarified accordingly.

**K.J. Valsala Kumari**  
**Joint Commissioner (General)**

**T.V. Kamala Bai**  
**Joint Commissioner (Law)**

**S.K. Suchala Kumar**  
**Joint Commissioner (A&I)**

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