

Flash on Introduction of “Authority for Clarification & Advance Ruling” under Tamil Nadu VAT

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In brief

The Tamil Nadu Government has constituted a State Level Authority for Clarification and Advance Ruling, comprising of the Commissioner of Commercial Taxes and two Additional Commissioners to clarify, any point concerning the **rate of tax**.

Who can make application?

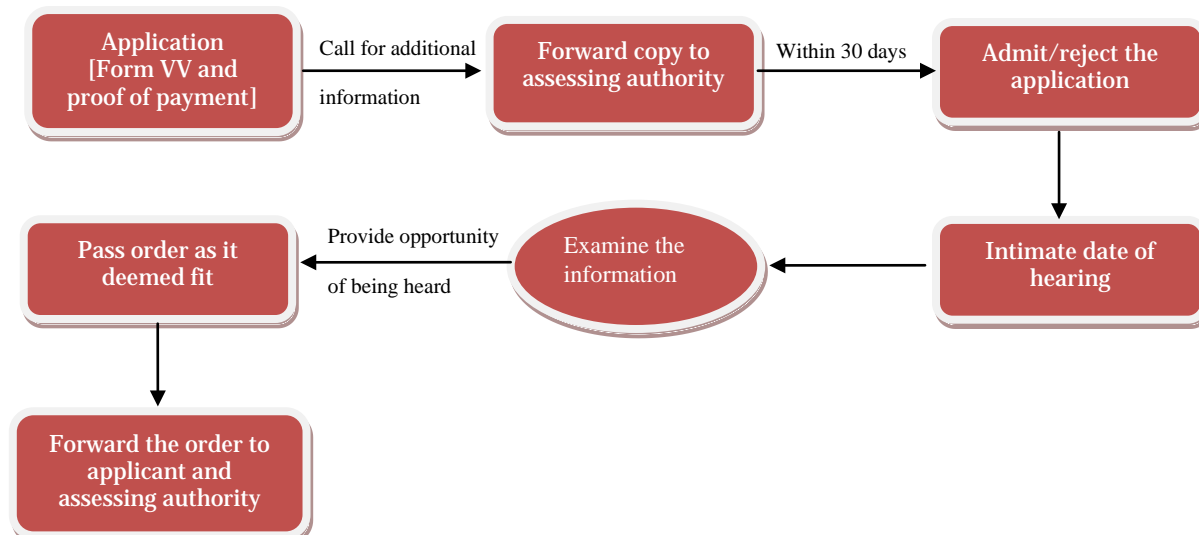
- The application for advance ruling can be made by a **registered dealer** as per Sec. 2 (15) of ‘The Tamil Nadu Value Added Tax Act, 2006’.
- The application for advance ruling shall be accompanied by proof of payment of the prescribed fees i.e., INR 1000.

When can Application for Advance Ruling be rejected?

- The application would not be accepted by the authorities in the following cases:
 - Question is already pending before any appellate or revising authority of the department of Appellate Tribunal or any Court; or
 - Issue which is designed apparently for avoidance of tax.
- The application for advance ruling would not be rejected without giving the applicant the reasonable opportunity of being heard.

Advance Ruling – Process

- The advance ruling process is summarized in the flow chart below:



- The applicant has an option to withdraw the application filed before the issue of orders by the authority.
- When the applicant is not present on the date of hearing, the authority will pass the order ex-parte on merits.

Order of the authority

The order of the authority shall be binding, -

- On the applicant who has sought for the clarification or advance ruling,
- In respect of the goods in relation to which the clarification or advance ruling was sought, and
- On all the officers working under the control of the commissioner of Commercial taxes.

Conclusion

The introduction of Advance Ruling in Tamil Nadu is a welcome and progressive step.

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