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The Tamil Nadu VAT (Fifth Amendment) Act, 2013

The Tamil Nadu Government has enacted the Tamil Nadu VAT (Fifth Amendment) Act, 2013 ('Amendment Act') on 8 November, 2013 to amend the Tamil Nadu VAT Act, 2006 (TNVAT Act).

Section 19 of TNVAT Act pertaining to input tax credit (ITC) has been amended to restrict the availment of ITC in respect of the following transactions:

Section	Transaction	Earlier position	After amendment
19(2)(v)	Inter-state sale @ 2% against C Form	No reversal of ITC required	ITC allowed in excess of 3% of tax
19(4)	Transfers made outside the state otherwise than by way of sale (stock transfers)	ITC allowed in excess of 3%	ITC allowed in excess of 5% of tax

The above restriction, however, comes into effect from 11 November, 2013. (Refer Notification No. G.O.Ms. No. 139; No. II(2)/CTR/850(e)/2013 dated 8 November, 2013)

The Sixth Schedule of the TNVAT Act has been amended to include 'vegetable oils' (including refined vegetable oils) and 'iron and steel' (specified as 'declared goods' under Central Sales Tax Act, 1956). Accordingly, for the above included goods to pass through the State of Tamil Nadu, the transporter would require the transit pass as specified under section 70 of TNVAT Act.

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