

**ORDER OF CLARIFICATION MADE BY SHRI RAMENDRA JAKHU,  
FINANCIAL COMMISSIONER & PRINCIPAL SECRETARY,  
GOVERNMENT OF HARYANA, EXCISE AND TAXATION  
DEPARTMENT UNDER SECTION 56(3) OF THE  
HARYANA VALUE ADDED TAX ACT, 2003**

**Queriest : M/s JIWNANI, Shop No. 30-FF, The Metropolitan Mall, Mehrauli-  
Gurgaon Road, Gurgaon, TIN - 06371824079**

M/s Jiwnani, Shop No. 30-FF, The Metropolitan Mall, Mehrauli, Gurgaon Road, Gurgaon, holding TIN No. 06371824079 has applied for clarification u/s 56(3) of Haryana VAT Act on the issue whether Fabric Imported by him from abroad of the kind specified in entry 51 of schedule B of the Haryana VAT Act, 2003 is also covered under entry 51 of the schedule and hence exempted from levy of VAT. Entry 51 of schedule B of the Act is reproduced as under :-

“51. All varieties of cotton, woolen or silken textiles including rayon, artificial silk or nylon but not including such carpets druggets, woolen durrees, cotton floor durrees, rugs and all varieties of dryer felts **on which additional Excise Duty in lieu of sales tax is not levied.**”

From plain reading of the entry reproduced above it is clear that carpets, druggets, woolen-durrees, cotton floor-durrees, rugs and all varieties of dryer felts shall be exempted from levy of VAT even if Additional Excise Duty in lieu of sales tax is not levied on these items. However, this condition is not applicable on first part of the entry viz, **all varieties of cotton, woolen or silken textiles including rayon, artificial silk or nylon.** The entry is silent about the condition of levy of Additional Excise Duty in lieu of sales tax on these items. However, entry 52 of the schedule is relevant while deciding this issue. As per entry 52 of the schedule “**all varieties of textiles covered by item 51 on which**

**knitting and embroidery work has been done provided additional excise duty in lieu of sales tax is levied on them”** qualify for VAT exemption. Thus, for all varieties of textiles to qualify for VAT exemption additional excise duty in lieu of sales tax (i.e. VAT) is leviable.

The issue has been further cleared by the Empowered Committee of State Finance Ministers while including Textiles and Sugar in 0% list (i.e. tax free list). In explanation given against these goods, it has been made clear that goods covered under these entries viz Textiles and Sugar shall be the goods included in the relevant heads and sub-heads of the First Schedule to the Additional Duties of Excise Act, 1957, but does not include goods where no Additional Duties of Excise.

From the position explained above it becomes clear that cotton woolen or silken textiles including rayon, artificial silk or nylon shall be covered under entry 51 only when Additional Excise Duty is leviable on these goods. However, since, on the fabric imported by the querist from abroad no Additional Excise Duty is leviable, the same is not covered under entry 51 of schedule B of the Haryana VAT Act and hence is not exempted from levy of VAT. The matter is clarified accordingly.

Place : Chandigarh  
Dated : 10.04.2008

(RAMENDRA JAKHU)  
Financial Commissioner & Principal Secretary  
to Govt. of Haryana, Excise and Taxation Department

Issued vide letter No. 1111-1113/ST-1, dated 23.04.2008.