State of A.P. Vs. Colorama Printers (Pvt.) Ltd., Begumpet, Hyd.

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Court : Andhra Pradesh

Decided On : Mar-24-1998

Reported in : 1998(3)ALD220

Judge : S.V. Maruthi and ;T.N.C. Rangarajan, JJ.

Acts : Andhra Pradesh General Sales Tax Act, 1956 - Sections 2

Appeal No. : TRC No. 93 of 1996

Appellant : State of A.P.

Respondent : Colorama Printers (Pvt.) Ltd., Begumpet, Hyd.

Advocate for Def. : Mr. P. Srinivasa Reddy, Adv.

Advocate for Pet/Ap. : Special Government Pleader, for Taxes

Judgement :
ORDER

T.N.C. Rangarajan, J.

1. This Tax Revision is directed against the order of the Sales Tax Appellate Tribunal holding that the material used by the assessee for processing work undertaken on behalf of the customer could not be taxed. The assessee is engaged in the business of printing magazines. The printing work is done on paper

supplied by the customer. In order to carry out this printing work the assessee has purchased film, chemicals and zink plates from outside the State. The Commercial Tax Officer was of the view that the ink was transferred to the customer and so brought the value of the ink to tax since it has not suffered tax earlier in the State. The Deputy Commissioner, Commercial Taxes was of the view that the same principle applies to the other three items, namely, film, chemicals and plates and accordingly revised the assessment to bringthem also to tax. On appeal the Sales Tax Appellate Tribunal held that there is no transfer of property in those three items and accordingly cancelled the revision.

2. The learned Counsel for the Revenue submits that these chemicals and plates were essential for adding value to the printing process and since the customer had the benefit of the same, they must be deemed to have been transferred. Though this argument is attractive, this is a situation which has been specifically taken care of by a subsequent amendment to the Constitution as well as the definition of works contract under Section 2(t) and explanation under Section 2 (c) in regard to the definition of sale in the APGST Act. It is only after that amendment in 1995, perhaps, the Revenue could argue that subsequent to the amendment, consumables used in works contracts are deemed to be sold for the purpose of levy of tax. But the contract in question is prior to the amendment. There can be no question of transfer of any consumables where the contract is only for doing a job and not for selling any material. hi the present case it is not in dispute that the film, chemicals and plates remained the property of the assessee and were not transferred to the customer. Hence, the appellate tribunal was right in holding that there was no sale of the material.

3. Hence the order of the appellate tribunal is confirmed. In view of this the revision is dismissed. No costs.