

(1998) 03 AP CK 0043
In the Andhra Pradesh High Court
Case No : TRC No. 93 of 1996

State of A.P.

APPELLANT

Vs

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

RESPONDENT

Date of Decision : 24-03-1998

Acts Referred:

Andhra Pradesh General Sales Tax Act, 1957 — Section 2

Citation : (1998) 3 ALD 220 : (1998) 2 AnWR 230

Hon'ble Judges : T.N.C. Rangarajan, J; S.V. Maruthi, J

Bench : Division Bench

Advocate : Special Government Pleader, for Taxes, for the Appellant; Mr. P. Srinivasa Reddy, for the Respondent

Judgement

T.N.C. Rangarajan, J.—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 bring them 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 u/s 2(t) and explanation u/s 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. In 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.