

No.C1/520/06/CT

Office of the Commissioner,  
Department of Commercial Taxes,  
Thiruvananthapuram.  
27-11-06

**CIRCULAR No. 43/2006**

Sub:- Kerala Value Added Tax, 2003 – Rate of tax on paints -  
Kerala Finance Act,2006- clarified.

As per Kerala Finance Act,2006 Section 6 of the Kerala Value Added Tax, 2003 has been amended providing levy of tax at twenty percent on certain specified commodities. The commodities on which twenty percent tax is leviable *interalia* includes 'paints'. The intention behind the amendment is to bring only costly paints under the higher rate of tax. The corresponding entry in the Act reads as follows:

- (i) Paint, other than cement paints, enamel, polishes, students water colour and artist paints.
- (ii) Lacquers.

Feedback received on the point reveals that there exists some ambiguity with regard to the levy of higher rate of tax on various items of paints. Requests have also been received to clarify the ambiguity prevailing on the issue.

The matter has been examined and it is clarified that only the following items of paints will be taxable at the rate of twenty percent under item (3) (c) of clause (a) of sub section (1) of section 6 of the Kerala Value Added Tax, 2003.

- (i) Synthetic Enamel paints
- (ii) Acrylic Emulsion
- (iii) Automotive paints
- (iv) Distemper
- (v) Epoxy paints
- (vi) Polyurethane paints
- (vii) Melamine clear/colour
- (viii) Polyurethane clear or colour
- (ix) Lacquers

The higher rate will be applicable from 1-7-2006.

Tax at the enhanced rate if collected shall be paid over to Government.

All officers shall see that the correct rate of tax is levied on the aforesaid items in accordance with the amendments made in section 6 of the said Act.

Commissioner.