

**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 VAE VKN Industries Pvt. Ltd., Bahalgarh,
Distt. Sonapat, TIN No. 06633008112.**

M/s VAE VKN Industries Pvt. Ltd., Bahalgarh, Distt. Sonapat, holding TIN No. 06633008112, have sought clarifications under section 56(3) of the Haryana Value Added Tax Act regarding rate of tax leviable on CMS Crossings and Switches being manufactured and supplied by the applicant unit to the Indian Railways. Plea of the applicant is that the product CMS Crossings manufactured by the company is a steel castings covered under the entry IV(viii) of section 14 of the CST Act viz. discs, rings forgins and steel castings. Further, plea of the applicant is that the switches (turnout systems) supplied by them to the Indian Railways are covered under entry IV(xiii) of section 14 of the CST Act viz. under the item rail-heavy and light crane rails of the entry “fish plate bars, bearing plate bars, crossing sleeper bars, fish plates, bearing plates, crossing sleepers and press steel sleeper, rails – heavy and light crane rails”. The matter has been examined. CMS Crossing are manufactured in foundry section of the unit and the product under goes all the processes viz. melting of steel scrap and ferro alloys in the furnance, preparation of sand mould, pouring liquid steel in mould for steel casting, heat treatment, machining and final inspection for dispatch. Nut bolts supplied with the final product are with a view to facilitate proper fixing of the product on site and, for all intents and purposes the product remains a casting covered under entry discs, rings, forgings and steel castings viz. the steel casting. The product casted in the foundry is CMS Crossings, and after various process involved in the foundry viz. melting, molding, heat treatment, blasting and machining etc. the product remains CMS Crossings. Thus, the nature of product casted remains same after various processes explained above. Hon’ble Karnataka High Court in case of Mysore Foundries V/s Addl. Deputy CCT (1999) 114 STC 397(KAR) has been observed that cast iron castings include un-machined as well as machined cast iron casting. Regarding the switches supplied by the unit, the inputs viz. the rails are supplied by the railway department itself. The same are subjected to ultrasonic testing, stock rail and tongue rail are obtained by process of bending, cutting, drilling and machining etc. and thereafter the same are assembled. These switches, viz. the turnout systems no doubt remain rail itself and facilitate the train to switch over from one track to another track at a desired angle. Thus the switches are covered under the term rail of entry IV(xiii) of

schedule given under section 14 of CST Act. In view of the position explained there remains no doubt as to the nature of these products and the CMS Crossings and Switches supplied by the unit are covered under the products steel castings and rails under entry IV(viii) and IV(xiii) of the schedule given in section 14 of the CST Act under the entry `iron and steel`. Matter is clarified accordingly.

(RAMENDRA JAKHU)

Place : Chandigarh

Dated : 21-01-08

Financial Commissioner & Principal Secretary
to Govt. of Haryana, Excise and Taxation Department.

Issued vide letter No. 269-271/ST-I, Dated 22-01-08