

**ISSUED VIDE MEMO NO. 2097 – 99, Dated 31.7.2006**

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

Querist: M/s Kissan Steels Samalkha, Panipat

The query is: What is the rate of tax applicable on sale of wire nails?

2. Entry 100C in Schedule 'C' to the Haryana Value Added Tax Act, 2003 (for short 'the Haryana Act') reads "Nuts, bolts, screws and fasteners". If wire nails fall within this entry, rate of tax applicable will be 4% otherwise 12.5%. 'Wire nails', as such, do not find mention in the entry. The word 'fasteners' appearing in the entry is not defined in the Act. It is a generic term. Dictionaries define the word 'fasten' as to make or become attached or joined; to close or become closed by fixing firmly in place, locking etc. and 'fastener' is noun of fasten. No more description is given. The word finds a clearer description in Wikipedia, as under –

"A **fastener** is a [hardware](#) device that mechanically joins or affixes two or more objects together.

"Items like [rope](#), string, [cables](#), [chains](#), or [plastic wrap](#) may be used to mechanically join objects; but are not generally categorized as fasteners because they have additional common uses."

Some of the common fasteners given therein are –

"batten; bolt, screw, cap screw, stud; buckle; button; clamp; clasp, Bocklebee clasp; clip, paper clip; clothes-pin; frog; grommet; **nail**; peg; pin, clevis pin, cotter pin; retaining ring; rivet; rubber band (or bands of other materials); screw anchor; snap; stitches; strap; staple; tie; toggle; Velcro® brand hook-and-loop strips; wedge anchor; zipper."

3. The above list includes 'nail'. From a common understanding of the word 'fastener' as described above, there could be little doubt that nail is a fastener. It is now to be seen whether 'nail' fits within the description of entry 100C of Schedule 'C' to the Haryana Act. In the entry word 'fastener' has to be read down to accord with the words preceding it, viz., 'nuts, bolts and screws'. This means only such fasteners will make part of the entry which are of the type of nuts, bolts and screws. This reading down also appear to include nails. Though it may be noted that while nuts, bolts and screws are threaded items, nails are not threaded yet this micro distinction between the two should not make the difference, more so, as nails and screws could be used in woodwork interchangeably.

4. In State of Tamil Nadu v. Guest Keen Williams Ltd. [1993] 91 STC 165 [Madras High Court], entry 119 of the First Schedule to the Tamil Nadu General Sales Tax Act, 1959, was discussed. The entry read as follows –

"119. Bolts, rivets and nuts, threaded or tapped and screws of base metal or alloys thereof, including bolt ends, screw studs, screw studding, self-tapped screws, screw hooks and screw rings."

Rivets were not part of this entry before Amendment Act of 1981. The question before the Tribunal was whether rivets were included in the entry before the amendment. The Tribunal answered the question in the negative explaining that items in the entry are not permanent fastener as a rivet is and therefore it is of a different category. On appeal to the High Court, the Court observed that **a contrary view is possible**. The Court, however, declined to intervene in that case. So in case of a micro distinction, a wider view is possible.

5. Entry 100 C in schedule C to the Act is exactly same as recommended by the Empowered Committee. Entry 91 in corresponding Schedule III to the Delhi Value Added Tax Act, 2004 is also same. Delhi has incorporated another entry at serial number 166 in the Schedule reading 'Fittings for doors, windows and furniture' and the description of items underneath includes inter alia nails. In Punjab the corresponding entry is at serial number 77 in Schedule 'B' to the Punjab Value Added Tax Act, 2005, which reads 'Nuts, bolts, screws, fasteners and nails'. Thus, both Delhi and Punjab tax nails @4%.

6. Taking into consideration the aforesaid legal and factual position, it can be concluded that wire nails will form part of entry 100 C in schedule 'C' to the Haryana Act and rate of tax applicable on their sale is 4%.

Chandigarh  
Dated

(L.S.M.SALINS)  
Financial Commissioner & Principal Secretary  
to Govt. Haryana, Excise & Taxation Department