

**P.K.KESAVAN IFS**

Principal Chief Conservator of Forests  
(Forest, Land & Resources)



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Dated : 04.07.2017

No. Pro(5) - 49855/14

**CIRCULAR 06/2017**

Sub : Collection of VAT at varying rates for firewood and billets -  
unification of rates - instructions issued - reg.

- Ref :
- 1) Letter No.C3-17434/10 CT dated 05.06.2010 of the  
Commissioner of Commercial Taxes,  
Thiruvananthapuram.
  - 2) Circular No.9/10 dated 02.07.10 of the PCCF.
  - 3) Common Judgment dated 5<sup>th</sup> August 2016 in WP(C)-7952,  
13879, 28261, 28519 of 2014 & 1832 of 2015.

In order to adopt a uniform rate of VAT for firewood and billets sold by Forest Department, a clarification was sought from the Commissioner of Commercial Taxes, Thiruvananthapuram. Based on the clarification of the Commissioner as per his letter dated 05.06.2010, all Divisional Forest Officers and Depot Officers were directed vide reference 2<sup>nd</sup> cited to realize VAT at 12.5%, for firewood and billets sold by the Forest Department, which was subsequently revised as 14.5%.

The above Writ Petitions (Civil) were filed before the Hon'ble High Court by the timber merchants, who used to purchase timber, firewood, billets etc through auction sales undertaken by the Forest Department, challenging the Circular No. 09/10 dt. 02.07.2010 of the Principal Chief Conservator of Forests for charging higher tax rate at 14.5%, for firewood. The Hon'ble High Court in its judgment as


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14/7/2017

per the reference 3<sup>rd</sup> cited ordered that since there was apparently no Schedule-E under the KVAT Act, 2003 and therefore, the Circular was without reference to the Commissioner of Commercial Taxes, it would have been appropriate for the Forest Department to have obtained a clarification from the Commissioner of Commercial Taxes before issuing the aforesaid Circular, which would have any bearing on the facts in issue.

Further, in the seventh para of the Judgment dated 05/08/2016 the Hon'ble Court made clear that " firewood comprised of coniferous wood in chips or particles, non-coniferous wood in chips or particles, saw dust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms the taxability is only at 5%, whereas, other type of firewood in the form of billets, faggots, twigs etc, can be taxed at 14.5%" and the writ petitions were disposed of as under;

- (i) Circular No.9/2010 of Principal Chief Conservator of Forests dated 02.07.2010 is hereby quashed.
- (ii) The liability to pay tax in respect of different type of firewood will be in the light of observations made above."

In compliance of the Judgment this Circular is issued with directions to all Divisional Forest Officers & Depot Officers to realize VAT @ 14.5% for firewood and billets sold by the Forest Department till the GST came into force.



**Principal Chief Conservator of Forests (F, L & R)**