

Dhaval Talati

16 Goods supplied at subsidized rate, can ITC be reduced proportionately? Held: No Can revenue demand tax on residue lying with miller? Held: NO Facts of the Case: The petitioner is a State Government undertaking responsible for distributing essential commodities (like sugar and edible oils) through the Public Distribution System (PDS) at government-fixed subsidized rates. The revenue proportionately disallowed ITC since commodities are sold at subsidized rate. The petitioner also procures paddy from farmers and gives it to third-party millers for conversion into rice. Under the agreement, millers return 67% of the paddy as rice to the petitioner and retain the remaining 33% (by-products like broken rice, bran, and husk) as their milling charges. The Revenue assessed the petitioner by levying tax on by products. Bei.....