

Ref. No. 2bII/7153

18 Jan. 2008

Shri K. Chandramauli I.A.S  
Principal Secretary,  
Deptt of Commercial Tax,  
Govt. of U.P. Lucknow

Shri Sunil Kumar, I.A.S,  
Commissioner,  
Commercial Tax,  
Govt. of UP.,  
Gomati Nagar, Lucknow.

**Subject: Taxability of Cotton waste yarn or waste Cotton yarn  
manufactured on condenser card machine under VAT.**

Sir,

The aforesaid goods cotton waste yarn is 100% cotton yarn & is used by Small weavers on Handloom for Manufacturing Duster, Dutai, Khes, Dari etc.

Considering weavers background in the process the Central Govt on 27/4/02 has exempted the item from Excise duty.

1. Cotton yarn & Silk yarn in Hanks & Cones are @ 0% under the VAT.
2. All types of other year @ 4% but this item of Poor weavers has not received proper attention so far. The Tax in neighboring State of U.P and other is 0%.

Therefore under U.P. VAT Schedule the item may be placed in schedule I of exempted goods.

Thanking You

Yours truly,

D.S. Verma  
Executive Director