

Export of rough granite - Sec. 80HHC relief not available, rules HC

Summary – The High Court of Madras in a recent case of Smt. D. Anuradha., (the Assessee) held that benefit under section 80HHC is not allowable on export of rough granite blocks.

Facts

- The assessee claimed export benefit under section 80HHC on total export sale of granite blocks.
- The Assessing Officer, on perusal of export invoices, found that export sale consisted of rough granite and dimensional granite. The Assessing Officer granted deduction only with regard to dimensional granite as per CBDT's [Circular No. 729, dated 1-11-1995](#).
- On appeal, the Commissioner (Appeals) granted the deduction on total export by holding that assessee had exported cut and trimmed granite block as per the records.
- On revenue's appeal, the Tribunal reversed the order of the Commissioner (Appeals).
- On appeal:

Held

- The HC held that it is an undisputed fact that the assessee had not incurred any expenditure towards cutting, trimming and polishing to make the granites as value added products.
- The assessee's own documents, namely, purchase invoices in respect of disputed sale show that only rough granite blocks were exported and not the dimensional blocks of granite.
- The assessee's contention that the word 'rough' was wrongly typed in the invoice is totally unbelievable and cannot be accepted as it appears to be an after thought. When that being the position, the Assessing Officer as well as the Tribunal had rightly rejected the case of the assessee by holding that the assessee was not entitled to relief under section 80HHC as per CBDT's [circular No. 729 dated 1-11-1995](#), as admittedly rough blocks were exported and not dimensional blocks.
- The assessee had already been given deduction in respect of export of dimensional blocks of granite. Hence, there is no reason to interfere with the order passed by the Tribunal.

Reference: [Circular : No. 729, dated 1-11-1995](#): *While granite can alone be considered as mineral, any process applied to granite would deprive the quality of rough mineral from the dimensional blocks of granite, which is a value added marketable commodity. When rough granite is cut into dimensional blocks of uniform colour and size, it not only undergoes mechanical process of cutting but also certain amount of dressing and polishing is involved to remove various natural flaws such as colour variations, grain variations, joints, fissures, moles, patches, hairline cracks, etc. The profits derived from the export of such granite dimensional blocks would accordingly be eligible for deduction under section 80HHC.*