

## **TR 10**

### **Facts**

The main activity of a company is airline catering. More than 90% of its gross income is derived from sale of food processed by it. In its day to day operations, it purchases locally raw materials which include semi-finished goods, chicken, fish, lamb, beef, bacon, fresh fruits and vegetables. These are subsequently sanitized, processed and stored at appropriate temperatures and are then cooked/steamed/grilled/fried or baked according to set menus. The prepared meals or salads are placed in appropriate containers which are arranged in trays and blast chilled, ready for either continental breakfast or dinner destined for passengers.

### **Point at issue**

Whether the activities and transformation processes mean "manufacture" as defined in the Income Tax Act 1995 and accordingly the company should be treated as a tax incentive company.

### **Ruling**

The processing activities of the company fall within the ambit of the word "manufacture" as defined in the Income Tax Act 1995. Hence, the company qualifies as a tax incentive company.