

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND  
ADVANCE RULING**

**ACAAR No. 118/ 2013-14.**  
**(Acts cell – II/6101/2014)**

Dated 16.06.2014

**Present:**

1. Thiru. K.Rajaraman, I.A.S.,  
Principal Secretary &  
Commissioner of Commercial Taxes.
2. Thiru. R.Vayanaperumal,  
Additional Commissioner (CT), (Public Relations)
3. Thiru. K.Mahalingam,  
Additional Commissioner (CT), (Revision Petitions)

1	Name and address of the Applicant	:	Tvl. Indian Oil Corporation Limited, Indian Oil Bhavan, No.139, Nungampakkam High Road, Chennai- 600 034.
2.	Registration Certificate No.	:	TIN:33270460111 / CST:025232
2.	Date of application	:	14.02.2014
3.	Date of receipt of application	:	14.02.2014
4.	Clarification sought for	:	Rate of Tax on MLO – Mosquito Larvicidal Oil
5.	Date of Personal Hearing	:	12.03.2014
6.	Represented by	:	Thiru. P.Radhakrishnan, Chief Manager (Finance), Tamil Nadu State Office.

**ORDER**

Tvl. Indian Oil Corporation Limited, Indian Oil Bhavan, No.139, Nungampakkam High Road, Chennai - 34 (TIN: 33270460111), the registered dealers in the files of Large Tax Payers' Unit-IV, Chennai, manufacturing and marketing all petroleum products including Mosquito Larvicidal Oil, have preferred application in Form 'VV' and sought clarification under Section 48-A (1) of the TNVAT Act, 2006, read with Rule 12-A of TNVAT Rules, 2007.

2. The applicant-dealers have sought for clarification on the following:

Rate of tax on **"MLO – Mosquito Larvicidal Oil."**

3.1. The applicant-dealers have sought for personal hearing. The Authority for Clarification and Advance Ruling have convened a meeting for hearing on 12.03.2014 and the applicant-dealers were informed in writing to appear before the Authority on 12.03.2014. Thiru. P.Radhakrishnan, the Chief Manager (Finance) and Authorized Representative has represented the Company before the Authority on 12.03.2014 and placed the facts relating to the clarification requested. The learned Authorized Representative for the applicant-dealers has reflected the grounds as given in the annexure to the application.

3.2. The applicant-dealers have stated that they are manufacturing along with the Lubricants, the Mosquito Larvicidal Oil, sold mainly to the Local Bodies in Vector Control Programme. This improved Mosquito Larvicidal Oil is produced as per the World Health Organization's specification WHO/SIF/23 R1 1999 for controlling mosquito larvae of Anopheles, Culex, and Aedes. This Mosquito Larvicidal Oil creates an oil film on pouring on the stagnant water which acts as respiratory barrier for the mosquito larvae to access the atmospheric oxygen. The oil film created on the water surface is stable for more than two hours and thus it has excellent control over the different species of mosquitoes by killing their larvae on optimum dosage. The Authorized Representative has pleaded that though it is basically a mineral oil, since it acts and is used predominantly as mosquito larvicide, containing no toxic chemicals or pesticides, it may be clarified, "What would be the appropriate rate of tax for Mosquito Larvicidal Oil?"

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 and Section 14 of the CST Act, 1956. The clarification is given accordingly as under

4.2. Section 48-A of TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.3. The applicant-dealers have sought for clarification regarding rate of tax on MLO – Mosquito Larvicidal Oil.

5. Mosquito Larvicidal Oil, as revealed from the literature furnished by the applicant-dealers, is basically a mineral oil derived from petroleum, is developed as per the World Health Organization's specification, WHO/SIF/23 R1 1999, for wide use in mosquito vector control, by killing the larvae of different species of mosquitoes viz., Anopheles, Culex and Aedes, as it on pouring on stagnant water spreads to be an oil film that acts as the respiratory barrier for mosquito larvae to have access to the atmospheric oxygen. There is no specific entry in any of the schedules to the TNVAT Act, 2006 by description, "Mosquito

Larvicidal Oil". However, the Entry 27 (ii) in Part-B of First Schedule reads as extracted below:

- (ii) **Insecticides**, pesticides, rodenticides, germicides, weedicides, fungicides, herbicides and combinations thereof, anti-sprouting products, plant-growth promoters, plant nutrients, micro nutrients, bio fertilizers, disinfectants and gypsum of all forms and descriptions;

Whereas the Entry 27 (iv) in Part-B of First Schedule to the Act reads as given below:

- (iv) **Mosquito destroyers**, insect killer devices including heating devices used with insect repellent mats and mosquito nets of all kinds.

Among the above two sub-entries (ii) and (iv) under the main Entry 27 of Part-B of First Schedule to the Act, the expression, "Insecticide" employed in sub-entry (ii) is more general; whereas the expression, "Mosquito Destroyer" employed in sub-entry (iv) is more specific to denote the chemical or toxin or any other non-toxic substance either in solid or liquid form used for destroying, repelling or killing the mosquitoes. The MLO – Mosquito Larvicidal Oil, since being developed as per the specification by World Health Organization, "WHO/SIF/23 R1 1999" and in wide usage for destroying the mosquitoes in their larval stage of their life cycle, this product bears the qualification to be classified as being a "Mosquito destroyer" under Entry 27(iv) of First Schedule to the Act and liable to VAT at the rate of 5 %.

6. The clarification is therefore that Mosquito Larvicidal Destroyer (MLO) is liable to VAT at the rate of 5 % under Entry 27(iv) of Part-B of First Schedule to the TNVAT Act, 2006.

Dated this the 16<sup>th</sup> day of June 2014.

R. Vayanaperumal,  
Additional Commissioner (PR)

K. Mahalingam,  
Additional Commissioner (RP)

K. Rajaraman,  
Principal Secretary/  
Commissioner of Commercial Taxes

To

Tvl. Indian Oil Corporation Limited,  
Indian Oil Bhavan,  
No.139, Nungampakkam High Road,  
Chennai- 600 034.

Copy to:  
The Joint Commissioner,  
Large Tax Payers' Unit-IV, Chennai

The Joint Commissioner (CT),  
Large Tax Payers' Unit, Chennai.

The Joint Commissioner (CS)

**To host in the Department Website**

The Principal Secretary to Government, Commercial Taxes & Registration  
Department, Chennai - 9.

All Joint Commissioners (CT) including Enforcement, LTU, MOU and ISIC.  
All Deputy Commissioners (CT), Territorial, Assessment and Enforcement  
All Head of Offices (Assessment)

The State Representative, Sales Tax Appellate Tribunal, Chennai - 104.

The Addl. State Representative, (AB) Chennai, Madurai and Coimbatore.

The Director, CTSTI, Greams Road, Chennai - 6.

The Executive Officer, Traders Welfare Board, Chennai - 5.

The Accountant General (Audit)-II, No.44, Greams Road, Chennai - 6.

The Additional Commissioners, Deputy Commissioners, Assistant  
Commissioners, Commercial Tax Officers in CCT's Office.

Personal Clerk to the CCT.

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//Forwarded/By order//

  
Additional Commissioner (PR)