

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.143/2014-15**  
**Acts cell-II/9865/2015**

Dated:04.02.2016

- Present:** 1.Thiru. S.K.Prabakar, I.A.S.,  
Principal Secretary / Commissioner of Commercial Taxes.
- 2.Thiru. A.Sarvar Allam,  
Additional Commissioner (CT), (Public Relations)(FAC)
- 3.Thiru. K. Mahalingam,  
Additional Commissioner (CT), (Revision Petitions)

1	Name and address of the Applicant	:	Tvl. M.K. Aromatics Limited, No.43-47, SIDCO Industrial Estate, Alathur - 603110.
2.	Registration Certificate No.	:	TIN.No.33451604709 CST. 981017
3.	Assessment Circle	:	Thirukazhukundram Assessment Circle
4.	Date of application	:	26-03-2015
5.	Date of receipt of application	:	26-03-2015
6.	Clarification sought for	:	Rate of Tax on " <b>Fuel Oil(Furnace Oil)</b> produced out of Waste Plastic"
7.	Date of Personal Hearing	:	17-08-2015
8.	Represented by	:	Thiru. V. Prasannakumar, Vice President (Techno-Commercial)

**ORDER**

Tvl. M.K. Aromatics Limited, No.43-47, SIDCO Industrial Estate, Alathur - 603110, (TIN: 33451604709), registered dealer in the files of Thirukazhukundram Assessment Circle, have preferred application in

Form 'VV' and sought clarification under Section 48-A (1) of the Tamil Nadu Value Added Tax Act, 2006 (TNVAT Act, 2006), read with Rule 12-A of Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules, 2007).

2.1. The applicant-dealers have stated in the application that they were engaged in the manufacturing of Fuel Oil (Furnace Oil), using Waste Plastics. They also stated in their application that this Fuel Oil is not sold to road Contractors; but sold to industries as input raw material as well as fuel. Their customers have also certified that the Fuel Oil bought from the applicant dealers is being used as input raw material in their manufacturing processes.

2.2. The applicant-dealer have also stated that the Fuel Oil falls under the Central Excise Tariff heading 2710 19 50, under chapter 27 with reference to HSN classification as fuel oil on par with the furnace oil obtained out of Petroieum refinery. The Supplementary Notes to Chapter 27 of the Central Excise Tariff Act defines Fuel Oil as "any hydrocarbon oil conforming to the Indian Standards Specification of Bureau of Indian Standards IS: 1593:1982. Fuel Oil is general term for any Oil used for generation of power or heat. Bunker Fuel and Furnace Oil are the other names of the same product. Furnace Oil (Fuel Oil) is a dark viscous residual fuel obtained by blending mainly heavier components from crude distillation unit. Fuel Oil can include distillates or blends of distillates and residual Fuel Oil. The applicant-dealers have also stated that the test analysis as per the method prescribed in IS:1488, the Fuel Oil manufactured by the applicant-dealers has complied with the standards for Fuel Oil(Furnace Oil) specified in IS:1593:1982 of the Bureau of Indian Standards.

3. The applicant dealer have requested for Personal Hearing. The applicant-dealers are provided with an opportunity for personal

hearing on 17.08.2015. Thiru. V. Prasannakumar, Vice President (Techno-Commercial), of the applicant-company has appeared before the authority on 17.08.2015 and produced the literature on their product, test analysis report, the process flow chart of manufacturing the Fuel Oil from post consumption waste plastic for consideration by the Authority. The authorized representative (AR) has reflected the facts already placed in their application for clarification. Besides, AR has also pointed out that the Fuel manufactured out of municipal solid waste is exempt from VAT with effect from 01.04.2010, vide Notification No.II(1)/CTR/4(B7)/2010 in G.O.Ms.No.33, CT&R (B2) Department dated 29.03.2010. On the basis of the literature on Fuel Oil (Furnace Oil) the AR has requested that the appropriate rate on Fuel Oil may be clarified.

4. This committee considered the above application and the documents filed along with the application carefully and examined the issue with reference to the Schedules and provisions of TNVAT Act, 2006 and TNVAT Rules, 2007 and notifications issued under the Act.

5. The applicant manufacturers convert post-consumer waste plastics into Fuel Oil. Municipal Solid dry waste includes all kinds of solid waste, whereas the applicant uses waste plastics only for conversion. Therefore, the Fuel Oil manufactured by the applicant-dealer cannot be considered as fuel oil manufactured out of municipal dry waste and hence not eligible for exemption under Notification No.II(1)/CTR/4(B7)/2010 in G.O. Ms. No. 33, CT&R (B2) Dept dated 29.03.2010.

6.1. It has already been clarified in ACAAR No.21/2013-14 (Acts Cell II/16719/2013) dated 02.12.2013 that the "Fuel Oil" is liable to tax at 14.5% under residual Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006. Therefore it is reiterated that "Fuel Oil" which

the applicant-dealers manufacture using Waste Plastics also can be classified under Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006.

6.2. The applicant-dealers have stated that they sell their product to manufacturers, where for use in their manufacturing processes. In that event, any goods falling under Part-C of First Schedule, if sold as industrial input for use in manufacture, inside the State, of goods other than those falling under Second Schedule to the TNVAT Act would fall under entry 67 of Part-B of First Schedule to the TNVAT Act, 2006, liable to tax at 5% subject to production of certificate prescribed under Rule 6(3)(b) of the TNVAT-Rules, 2007.

7. It is therefore clarified that when **"Fuel Oil"** manufactured by the applicant-dealers using Waste Plastic is **sold as an Industrial Input falling under Entry 67 of Part-B of First Schedule to the TNVAT Act, 2006, it is liable to tax at 5%, subject to production of certificate prescribed under Rule 6(3)(b) of the TNVAT Rules, 2007.**

Dated this the Fourth day of February 2016.

Sd/- A. Sarvar Allam,  
Additional Commissioner (PR)(FAC)

Sd/- K. Mahalingam,  
Additional Commissioner (RP)

Sd/- S.K. Prabakar,  
Principal Secretary/  
Commissioner of Commercial Taxes

To  
Tvl. M.K. Aromatics Limited,  
No.43-47, SIDCO Industrial Estate,  
Alathur – 603110.

Copy to:  
The Assistant Commissioner (CT)  
Thirukazhukundram Assessment Circle

The Joint Commissioner (CT),  
Chennai (South) Division.

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.

Stock File 3/ Acts Cell-II /Spare - 5.

//Forwarded/by Order//

  
Additional Commissioner (PR)(FAC)