

**GOVERNMENT OF TAMILNADU  
COMMERCIAL TAXES DEPARTMENT**

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

**ACAAR No.20/2016-2017**  
**Acts cell-II/13473/2016**

Dated:13.07.2018

- Present:**
1. Dr.T.V. Somanathan, I.A.S.,  
Additional Chief Secretary /  
Commissioner of Commercial Taxes.
  2. Thiru M. Parameswaran,  
Additional Commissioner (ST), (Public Relations)(FAC)
  3. Dr. C. Palani,  
Additional Commissioner (ST), (Revision Petitions)(FAC)

1	Name and address of the Applicant	: Tvl.Fleetguard Filters, No.82, SIPCOT Phase-II, Moranapalli Village(P.O), Hosur-635 109.
2.	Registration Certificate No.	: TIN : 33793322198 CST : 887726
3.	Assessment Circle	: Hosur (North) Assessment Circle
4.	Date of application	: 21.05.2016
5.	Date of receipt of application	: 27.05.2016
6.	Clarification sought for	: Rate of tax on " <b>Air Oil Separators, Air Filter, Oil Filter</b> "
7.	Date of Personal Hearing	: --
8.	Represented by	: --

**ORDER**

Tvl.Fleetguard Filters, No.82, SIPCOT Phase-II, Moranapalli Village(P.O), Hosur-635 109 (TIN 33793322198), registered dealers in the files of Hosur (North) 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 the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules,2007).

2.1. The applicant-dealer have sought for clarification for the rate of tax on **"Air Oil Separators, Air Filter, Oil Filter"**.

2.2. The applicant-dealer have stated that they are dealing in different types of components related to Air Compressors such as Air Oil Separator, Oil Filter and Air Filter. About the goods dealt by them, the applicant-dealer have stated its features and they are listed below. An Air compressor is a device that converts power into potential energy stored in pressurized air. By one of the several methods, an Air Compressor forces more and more air into a storage tank, increasing the pressure. During this process, oil is injected into the compressor for lubrication and cooling purpose resulting in mixture of compressed air and oil which requires separation. Air Oil Separator an essential component of Air Compressor that separates oil from the compressed air thereby maximum potential of the compressed air is realized and this cannot be used with any other machinery. Without Air Separator, an Air Compressor cannot function effectively. Oil Filters are used to remove all dust/dirt and moisture particles in the air.

3. The issue has been examined in detail with reference to the provisions of the TNVAT Act, 2006 and TNVAT Rules, 2007 and the related entries in all the Schedules to the TNVAT Act 2006. Section 48-A of the TNVAT Act, 2006 provides for clarification on any point concerned with rate of tax for commodities.

4.1. Air/Oil Separators are important quality components in the compressed air processing chain. Air/Oil Separators work according to the principle of Coalescence. Micro-glass fibre layers separate

drops of oil from the compressed air and return them in large drops to the oil circuit of the Compressor. The use of compressed air is now an integral feature of every industrial firm. In an air compressor, the air/oil separator is used to remove oil from compressed air and return it to the main oil sump. This small component plays critical role in compressor functionality and allows it to maintain optimal efficiency. Thus, Air/Oil separator usage is finding most important place in Air Compressor, but not finding any place in any of the Schedules to the TNVAT Act, 2006. But there is a specific entry for Air Compressor with effect from 01.04.2015 in Part- B of the First Schedule to the TNVAT Act, 2006. As this is regarded as parts of Air Compressor, it is taxable at 5% with effect from 01.04.2015 as per the entry 1-A of Part-B of the First Schedule read with proviso to Section 3(2) of the TNVAT Act, 2006.

4.2. With regard to other goods namely Air filter, it is observed that they are designed, manufactured and applied to meet a wide variety of industrial and commercial requirements for clean air. Commercially available filters are divided into three distinct categories based on how they operate to remove suspended particulate matter from the air passing through them. The largest category of this filter is HVAC filters acts as targets for collecting airborne dust. They are widely used for air clearing in mechanical ventilation systems. A second category also comprised of single-use disposable filters called HEPA filters. This is thinner and more compressed and contains smaller diameter fibers than HVAC filters. Third Category of commercial air filters known as industrial cleanable cloth filters rely on building a thick layer of dust on the surface of the cloth to provide high efficiency filtering medium. As a preventive measure to keep foreign particulate matter from entering the air compressor system, this air filter should be replaced at regular intervals. Thus, it is clear that Air filter are used not only for Air Compressor but also in other goods enumerated in the Schedules to the TNVAT Act, 2006. In any case, this forms part and parcel of the

goods in which it is used. As there is no specific entry in any of the Schedules to the TNVAT Act, 2006, the applicable rate of tax for Air Filter will depend upon the commodity where it is used. The applicant-dealer have requested the applicable rate of tax if such goods are used in Air Compressor. As this is regarded as parts of Air Compressor by the applicant-dealer, it is taxable @ 5% with effect from 01.04.2015 as per entry 1-A of Part-B of the First Schedule read with proviso to Section 3(2) of the TNVAT Act, 2006.

4.3. With regard to Oil Filters, it is designed to remove contaminants from engine oil, transmission oil, lubricating oil or hydraulic oil. Oil filters are used in different types of Hydraulic Machinery. A chief of the use of Oil Filter is in internal combustion engines in on -and off-road motor vehicles, light aircrafts and various naval vessels. Other vehicle hydraulic system such as those in automatic transmission and power steering are often equipped with an oil filter. Gas turbine engines, such as those on jet aircraft, also require the use of oil filters. Aside from these uses, oil production, transport, and recycling facilities also employ filters in manufacturing process. Thus, this oil filter being parts of Hydraulic Machinery, Air crafts, Naval vessels, gas turbine engines etc., the applicable rate of tax for the main commodity is equally applicable as oil filter is not finding specific place in any of the schedules to the TNVAT Act,2006. Any kind of machinery, as aforesaid, the description of which is not found placed specifically under either Part-B or Part-C of the First Schedule, or in Fourth Schedule to the TNVAT Act, 2006, automatically that machinery, its spares, components and accessories would fall under Residual Entry 69 of Part-C of the First Schedule to the TNVAT Act, 2006 and liable to VAT at 14.5%. In respect of Air Compressor, Oil filter maintain necessary quality of the lubricant with appropriately scheduled fluid changes. Thus, it is clear that Oil filter are used not only for Air Compressor but also in other goods enumerated in the Schedules to TNVT Act, 2006. In any case,

this forms part and parcel of the goods in which it is used. As there is no specific entry in any of the Schedules to the TNVAT Act, 2006, the applicable rate of tax for Oil Filter will depend upon the commodity where it is used. The applicant-dealer have requested the applicable rate of tax if such goods are used in Air Compressor. As this is regarded as parts of Air Compressor by the applicant dealer, it is taxable @ 5% with effect from 01.04.2015 as per entry 1-A of Part-B of the First Schedule read with proviso to Section 3(2) of the TNVAT Act, 2006.

5. In view of the above, it is clarified that

- (i) Air/Oil Separator, being a part of Air Compressor is taxable @ 5% as per Entry 1-A of Part-B of the First Schedule to the TNVAT Act, 2006 as per proviso to Section 3(2) of the TNVAT Act, 2006 with effect from 01.04.2015.
- (ii) Air Filter, as a part of Air Compressor, is taxable @ 5% as per Entry 1-A of Part-B of the First Schedule to the TNVAT Act, 2006 as per proviso to Section 3(2) of the TNVAT Act, 2006 with effect from 01.04.2015.
- (iii) Oil Filter, as a part of Air Compressor, is taxable @ 5% as per Entry 1-A of Part-B of the First Schedule to the TNVAT Act, 2006 as per proviso to Section 3(2) of the TNVAT Act, 2006 with effect from 01.04.2015.
- (iv) Air Filter and Oil Filter, if used as a part of any other goods other than Air Compressor is taxable at the appropriate scheduled rate of such goods as specified in proviso to Section 3(2) of the TNVAT Act, 2006.

Dated this the Thirteenth day of July 2018.

Sd/- M. Parameswaran,  
Additional Commissioner (PR)(FAC)

Sd/- C. Palani,  
Additional Commissioner (RP) (FAC)

Sd/- T.V. Somanathan,  
Additional Chief Secretary/  
Commissioner of Commercial Taxes

To

Tvl.Fleetguard Filters,  
No.82, SIPCOT Phase-II,  
Moranapalli Village(P.O),  
Hosur-635 109.

Copy to:

The Assistant Commissioner (ST),  
Hosur (North) Assessment Circle.

The Joint Commissioner (ST),  
Salem 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 (ST) including Enforcement, LTU, MOU and ISIC.

All Deputy Commissioners (ST), 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//**

*A. Madhul*  
State Tax Officer