

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

**ACAAR No. 84/2013-14.**  
**Acts Cell-II/34503/2013**

Dated 04.09.2014

- 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. Ashta Lakshmi Purifiers, S.F. No. 1, Sathy Main Road, Saravanampatti (PO), Coimbatore-641 035.
2.	Registration Certificate No.	:	TIN: 33912206438 / CST:1025761
3.	Date of application	:	30.10.2013
4.	Date of receipt of application	:	14.11.2013
5.	Clarification sought for	:	Rate of Tax for "Reverse Osmosis Plants and Spares for Reverse Osmosis Plants"
6.	Date of Personal Hearing	:	--
7.	Represented by	:	--

**ORDER**

Tvl. Ashta Lakshmi Purifiers, S.F. No. 1, Sathy Main Road, Saravanampatti (Post), Coimbatore - 35 (TIN:33912206438), the registered dealers in the files of Ganapathy Assessment Circle, Coimbatore and manufacturers of Humidifiers and Reverse Osmosis Plants and Spares thereof, 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 for **"Reverse Osmosis Plants and Spares for Reverse Osmosis Plants."**

3. The applicant-dealers have stated that they are manufacturers of Industrial Humidifiers, Reverse Osmosis Plants and Parts & accessories thereof and marketing the same to the industrial and commercial establishments, educational institutions, Hospitals and office complexes. The applicant-dealers have stated that their predominant supply of the Reverse Osmosis Plants and the spares & components thereof is as being an accessory to the Industrial Humidifying Plants for textile industry, which ensures the supply of pollution free pure water for humidifiers. Besides, the same products are supplied to the effluent water treatment plants and mineral water manufacturers and also to the residential complexes to treat the saline or hard water to convert into soft drinking water, commercial establishments like Hotels and restaurants. Brochure revealing the structural and functional specifications of the Reverse Osmosis plants has also been furnished along with the application. With the above background, the applicant-dealers have claimed that their Reverse Osmosis Plants and parts & accessories thereof are bearing every eligibility qualification to be classified under pollution control equipments and may be clarified therefore as liable to tax at 5 %.

4.1. The issue has been examined in detail with reference to the provisions of TNVAT Act, 2006 and Rules, 2007 as well as the relative entries under Parts A and B of First and Fourth Schedules to the TNVAT Act, 2006.

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 **"Reverse Osmosis Plants and parts for Reverse Osmosis Plants"**.

5.1. The relative Entry 104 of part-B of First Schedule to the TNVAT Act, 2006 reads as under:

**"Pollution control equipments as notified by the Government"**.

The Pollution Control equipments have been notified by the Government vide Notification No. II(1)/CTR/(a-2)/2007 in G.O. Ms. No.3/CT & R(B2) Department dated 1st January 2007:-

**(i) Water Pollution Control equipments**

Coarse screen/micro screen (stainless steel/mild steel), Rotary screen/ comminutor (stainless steel/detritor), Racker arms, weirs, paddles, motor with reduction gear arrangements intended for clarifiers for liquid waste treatment, Surface aerators/floating aerators an accessories, Diffuses of all types for supply of air, in liquid waste treatment, Radial arms and accessories for trickling filters, De-mineraliser for effluent treatment, Synthetic packing media for trickling filters, packed bed columns/towers for effluent treatment, Heaters and laterals with accessories for trickling filters, Digesters, gas meters and electrical heaters for digesters, Gas holding tanks for digesters,\*Filter Press, Oil Skimmer, Dissolved Air Flootation, Centrifuge, Belt Press, Vacuum Filter, **Filtration Units such as, (pressure filter, activated carbon filter, nano filter, reverse osmosis, micro filter)**, Evaporator, Continuous Chemical Dosing Equipments, Tube/Plate Separator, Autoclave for waste treatment, Aero Tiller for Composting, Mechanical Flocculator.

5.2. The product, "Reverse Osmosis Plant" manufactured and marketed by the applicant-dealers are predominantly used for the purpose of purifying the polluted and hard saline water so as to make it palatable or usable in industries, where pure soft water is necessary for its processing. This Reverse Osmosis Plant contains inbuilt components such as (i) Pre-filtration Chambers, (ii) Micron Filters and (iii) Reverse Osmosis Chambers. The Pre-filtration chambers are filled with filled with the coarse sand and activated carbon in different layers which respectively removes the solid particles like sand, small pebbles and other impurities and the bad odour and colour of the water. The Micron filters remove the macro molecules. The Reverse Osmosis chamber equipped with the Reverse Osmotic Semi-permeable membranes that filters the macro molecules of intangible nature, such as salt, colloidal particles, and microorganisms such as phytoplankton, zooplankton, algal spores, amoeba like organisms and bacteria. The Reverse Osmosis Plants are being supplied and installed predominantly as part and parcel of their Industrial Aqua Fog Humidifying Plants to ensure seamless supply of pure, unpolluted and desalinated water for humidification. It is also supplied to the sewage water treatment, effluent water treatment plants and water recycling plants for the industry.

5.3. There is an expression, "*Filtration Units such as, (pressure filter, activated carbon filter, nano filter, reverse osmosis, micro filter)*" employed under the head, "(i) Water Pollution Control Equipments" in the List of Pollution control

Equipments notified in Notification No. II(1)/CTR/(a-2)/2007 in G.O. Ms. No.3/CT & R(B2) Department dated 01.01.2007. By this expression, it is evident that the filtration units equipped with activated carbon filters, Micro filters or reverse osmotic filters are considered to be one among the water pollution control equipments, under Entry 104 (i) of Part-B of First Schedule to the Act. Since the Reverse Osmosis Plants supplied by the applicant-dealers are equipped with the aforesaid filters, the Reverse Osmosis Plants, the spares and accessories thereof would fall within the ambit of the expression, "*Filtration Units such as, (pressure filter, activated carbon filter, nano filter, reverse osmosis, micro filter)*" employed under the head, "(i) Water Pollution Control Equipments" in the List of Pollution control Equipments notified. Considering the structural and functional aspects, the Reverse Osmosis Plants are found eligible to be treated as water pollution control equipments, falling under Entry 104 (i) of Part-B of First Schedule to the Act, 2006.

5.4. Besides, the definition of Capital Goods under section 2(11) of the Act, includes the pollution control equipments also, as it reads as under:

(11) "*capital goods*" means, -

- (a) *plant, machinery, equipment, apparatus, tools, appliances or electrical installation for producing, making, extracting or processing of any goods or for extracting or for bringing about any change in any substance for the manufacture of final products;*
- (b) ***pollution control, quality control, laboratory and cold storage equipments;***
- (c) ***components, spare parts and accessories of the goods specified in (a) and (b) above;***
- (d) *moulds, dies, jigs and fixtures;*
- (e) *refractors and refractory materials;*
- (f) *storage tanks; and*
- (g) *tubes, pipes and fittings thereof, used in the State for the purpose of manufacture, processing, packing or storing of goods in the course of business excluding civil structures and such goods as may be notified by the Government;*

Capital goods as described under section 2(11) of the Act are also falling under Part-B of First Schedule vide Entry 25 therein. The Reverse Osmosis Plants are supplied to the Textile Industry, especially spinning mills, as an accessory to the Humidifying plants so as to ensure supply of pure unpolluted water to the humidifying

plants. Even on supply to the industries for effluent water or sewage water treatment or water recycling, the reverse osmosis plants and the spares and accessories thereof would be the capital goods for such industry and it would attract the tax liability at the rate of 5 % only as being capital goods, as described under section 2(11) of the act. Thus, the reverse osmosis plants, the parts and accessories thereof are found liable to VAT at the rate of 5 % either as Pollution Control Equipments or as capital goods respectively under the relevant entries in Part-B of First Schedule to the Act. The Entry "Capital Goods as described under section 2(11) of the Act" in Serial No.25 of Part-B of First Schedule to the Act is general; whereas the Entry, "Pollution Control Equipments as notified by the Government" in Serial No. 104 of Part-B and the goods classified under item (heading) (i), "Water Pollution Control Equipments" are more specific. Therefore, the Reverse Osmosis Plants, the parts and accessories thereof are liable to VAT at the rate of 5 % when used as "Water Pollution Control Equipments" under Item (i) in the list of Pollution control Equipments in the Notification No. II(1)/CTR/(a-2)/2007 in G.O. Ms. No.3/CT & R(B2) Department dated 01.01.2007 to the Entry 104 of Part-B of First Schedule to the Act, 2006..

6. The clarification may therefore be that the **"Reverse Osmosis Plants and Parts and accessories for Reverse Osmosis Plants if used in manufacturing plants as part of pollution control equipments" are liable to VAT at the rate of 5 % under Entry 104 of Part-B of First Schedule to the TNVAT Act, 2006 read with Section 2(11)(b) and Item (i) in the list of Pollution Control Equipments notified vide Notification No. II(1)/CTR/(a-2)/2007 in G.O. Ms. No.3/CT & R(B2) Department dated 01.01.2007.**

Dated this, the 4<sup>th</sup> Day of September, 2014.

Sd/- R. Vayanaperumal,  
Additional Commissioner (PR)

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

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

To  
Tvl. Ashta Lakshmi Purifiers,  
S.F. No.1, Sathy Main Road,  
Saravanampatti (Post),  
Coimbatore - 641 035

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

The Joint Commissioner (CT),  
Coimbatore 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 File3 / Acts Cell-II / Spare - 5.

//Forwarded/By order//

  
Additional Commissioner (PR)