

**GOVERNMENT OF ASSAM
OFFICE OF THE COMMISSIONER OF TAXES::ASSAM::KAR BHAWAN
DISPUR, GUWAHATI.**

ORDER

No. CTS-42/2011/142

Dated Dispur the 13th March, 2014.

M/S Swasti Pharmaceuticals, near Bhaskar Gas Agency, Rehabari, P.P. Road, Guwahati-1 filed an application under Section 105 of the Assam Value Added Tax Act, 2003 seeking clarification on the rate of tax on the item Zeolime.

Dr. Mukesh Pandit, authorized representative appeared on behalf of the petitioner. He stated that the product in question is Zeolime, a natural zeolite fortified with CaCo₃ used for healthy water management. The item has been treated as an animal feed supplement in other states and it is not for human use or medicinal use. He submitted that the item is "activated charcoal" derived from volcano and is used as a feed supplement mould inhibitor and no animal feed is formulated without this toxin binder. As subscribed animal feed supplement on the body of the packet, the petitioner claimed the product to be an exempted item as per entry at Sl.No.3 of 1st Schedule of the Assam Value Added Tax Act, 2003. They have furnished relevant documents in support of their claim.

Perused the submission and the documents were examined. On going through the composition of the product it appears that the product is a combination of natural zeolite and CaCo₃. Zeolites are microporous, aluminosilicate minerals commonly used as commercial adsorbent. They are capable to adsorb and absorb different gases, moisture, petrochemicals, heavy metals, low level radioactive elements etc. In water treatment zeolite is used to reduce the concentration of ammonia in water. Ammonia is toxic to fish. In that way it controls the water pollution and thereby enhance the productivity of fish. Zeolite has several uses including water management, waste water management, industrial waste management etc. Basically its function is to absorb toxic and solid contaminates. On the other hand CaCo₃ acts as a natural buffer, which is used in water treatment to regulate the pH of water. High pH values are unsuitable for most aquatic organisms.

Moreover the petitioner has claimed the product to be a fish feed supplement. But as per medical dictionary "nutritional supplement means addition of a nutrient to an existing diet to make good what might be only a temporary shortfall". The supporting documents also stated very loosely that it may be a supplement in rare cases but never confirmed only as a feed supplement. The product has multiple uses but we must consider what the manufacturer says about the product itself. It clearly says that it absorbs toxic gases, solid contaminates and optimises pH in its benefit chart. If an item has multiple uses and only one use equates with the exempted item it cannot be treated as similar item undermining the major use of the product. Further the product is manufactured with clear purpose of managing the water environment. If it helps in growth of phytoplanktons and zooplanktons it should be considered as an ancillary affect. The main purpose still remains as water purifier. In view of the above the product does not fall under Sl.No.3 of 1st schedule. It is covered under entry at Sl.No. 1 of the fifth schedule and taxable @14.5%.

Sd/-Dr.J.B.Ekka, I.A.S.
Commissioner of Taxes, Assam,
Guwahati

Memo No. CTS- 42/2011/142-A

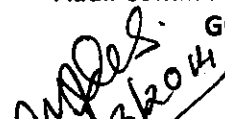
Dated Dispur, the ¹⁴ March, 2014.

Copy to:

1. The Additional Chief Secretary to the Government of Assam, Finance Department, Dispur for favour of kind information.
2. The Addl. Commissioners of Taxes/Joint Commissioners of Taxes (All), Head Office for information.
3. The Deputy Commisaioners of Taxes, Zones (All) for information.
4. The Assistant Commissioners of Taxes/Superintendents of Taxes (All) for information and necessary action.
5. M/S Swasti Pharmaceuticals, near Bhaskar Gas Agency, Rehabari, P.P. Road, Guwahati-1 for information.


14/3/2014
(Mrs. R.D. Borah),

Addl. Commissioner of Taxes, Assam,
Guwahati.


14/3/2014