

No. CTS-53/2006/137

Dated Dispur the 20th February, 2009

Sub: Clarification as to whether use of Low Viscosity Furnace Oil(LVFO) for drying of Mosquito repellent Coils comes under the purview of ITC entitlement.

Extract of the Order

The mosquito repellent coils are dried in a drying chamber where LVFO is used for heating. Thus LVFO is used fuel to generate heat. As per provision of section 14(6) (k) of the AVAT Act, 2003, no input tax credit shall be claimed by dealer or shall be allowed for purchases of goods, which are used as fuel in generation of energy. Heat is also a form of energy and LVFO is used to generate heat energy. The provision of section 14 (6) (k) is not restricted only electricity but applies to all forms of energy including heat.

Therefore, it is clarified that ITC is not allowable for LVFO used for generation of heat.

Sd/-(Sanjay Lohia)
Commissioner of Taxes, Assam
Dispur, Guwahati