

**12. PROCEEDINGS OF THE COMMISSIONER, COMMERCIAL TAXES
THIRUVANANTHAPURAM**

Present: Sri.Paul Antony.IAS

Sub: - KVAT Act 03- Clarification U/s. 94 – Rate of tax on Rain guard compound- clarified orders issued- Reg:

Read: 1. Application in Form No. 24 Dt.22.12.05 from M/s. Vembanad Agro Chemicals (P) Ltd. Thripunithura.

2. Hearing Notice No.C7.59731/05/CT Dt.13.01.06.

ORDER No. C7.59731/05/CT Dt.17.02.06

M/s. Vembanad Agro Chemicals (P) Ltd, Thrrippunithura has sought for clarification regarding the rate of tax applicable to Rain Guard Compound under KVAT Act, 03.

The authorised representative of the applicant was heard. The applicant dealer is a manufacturer of Rain Guard compound interalia other agricultural chemicals. The contention of the applicant is that Rain Guard compound is used along side the fixed rain guard so that the rain water will not seep down into the cutbark as well as it protect the plant from the attack of fungus and similar other plant infections and hence it is a plant protection chemical and falls with in entry No. 44(5) of 3rd schedule to KVAT Act 03.

The contentions of the applicant were examined. Ingredients for the manufacture of Rain guard compound are bitumen, filler (C. powder), and solvent. Actually the item is only a water tight compound, ie it is a type of paste, and it cannot be classified under HSN 3808, as HSN 3808 deals with chemicals used to protect plants from pests, weeds, insects, fungi, herbs etc. The sole purpose of the item is to fix the rain guard water tight around the trunk of the tree. Since Rain guard compound is not specifically listed under any of the schedule to KVAT Act 03, as amended by KVAT (Amendment) Act 05 it comes under RNR category taxable @ 12.5%.

The point sought for is clarified accordingly.

Sd/
Commissioner