

16. DEPARTMENT OF COMMERCIAL TAXES, KERALA

PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION
U/S.94 OF THE KERALA VALUE ADDED TAX ACT, 2003.

Members present are:

1. V. Murukesh Kumar, Deputy Commissioner (General), O/o.CCT, Tvpm.
2. R. Rajasekharan Nair, Deputy Commissioner (Audit & Inspection), O/o.CCT, Tvpm.
3. K.M. Althaf, Deputy Commissioner (Intelligence), O/o.D.C.(Int.), Tvpm.

Sub:- KVAT Act, 2003 – Clarification u/s.94 – Rate of tax of Ayurvedic products –
Orders issued.

- Read:-
- 1) Application from M/s.NUPAL, Kochi dtd.01.12.2007
 - 2) Application from M/s.Sreedhareeyam Ayurvedic Medicines (P) Ltd., Ekm dtd.04.12.08
 - 3) Application from M/s.Sundareswary Herbal Products, Kollam dtd.15.12.08
 - 4) Application from M/s.M.V.M. Ayurvedic Research Lab, Kollam dtd.25.08.08
 - 5) Application from M/s. Mukthi Pharma, Tvpm. dtd.27.11.2008
 - 6) Application from M/s.Pankaja Kasthuri Herbals India (P) Ltd., Tvm. dtd.21.08.07
 - 7) Application from M/s.Sitaram Ayurvedic Pharmacy Ltd., Tsr dtd.13.10.08

ORDER No.C3/3230/08/CT DATED 12/11/2009.

The applicants in the clarification applications read above are manufacturers of ayurvedic / herbal / natural products. They have invoked Section 94 of the Act to clarify rate of tax of certain products manufactured by them. The points for decision, broadly, in all these cases, mainly relate to the interpretation of the Entry 36(7)(e) (i) and 36(8)(h) (i) and the HSN codes 3003.90.11 and 3004.90.11 mentioned therein, of the Third Schedule to the KVAT Act. Since the issues are similar, the committee has decided to consider and combine the issues together and pass a “**common order**” as under:-

I. File No.C3/3230/08/CT (M/s.New Udaya Pharmacy & Ayurvedic Laboratories,Kochi)

(1) M/s. New Udaya Pharmacy and Ayurvedic Laboratories, Kochi has filed an application under Section 94 seeking clarification on the rate of tax of ‘KAMILARI’ and ‘HAIR O MAX’, products manufactured by them.

(2) The applicant is a dealer registered under the KVAT Act, 2003, holding a licence to manufacture Ayurvedic Drugs by the Drugs Controller and Licensing Authority.

(3) The applicant has a product sold under the brand name ‘KAMILARI’ both in the capsule and syrup form. It is said to be a premium liver supplement. The applicant has argued that, this is a prescribed product for patients with liver disorders, jaundice, acute chronic inflammatory liver disorders, dyspepsia, loss of appetite and in various hepatocellular and hepatocanalicular condition. Hence, covered under Entry 36(7)(e)(i) read with HSN code 3003.90.11 of the Third Schedule and paying compounded tax @ 4%.

(4) Another product manufactured by the applicant is ‘Hair O Max’, a natural hair fortifying oil and capsule which is used for the treatment of alopecia, premature graying and for dandruff. It is assailed by Sri.Anil D.Nair, Advocate,that the product is manufactured against drug licence and is a prescribed product. Next claim is that the ingredients that go into the manufacture of the product are all ayurvedic products. Both the capsule and the oil have different ingredients and the process of manufacture involved also varies. The applicant has

been classifying the item as one coming under Entry 36(7)(e)(i) of the Third Schedule with HSN code 3003.90.11 and have been paying compounded tax @ 4%.

(5) The applicant has argued that the ingredients that go into the manufacture of these products are prescribed in the text Astangahrudaya and Sahasrayoga, which are referred in the Schedule under the Drugs and Cosmetics Act, 1940. The applicant has relied on the judgments reported in (1988) 68 STC 233, (2004) 12 KTR 253, (1997) 104 STC 182, (1968) 21 STC 448 and (2004) 132 STC 251 to substantiate the argument that drugs manufactured under valid drug licence, prescribed and used for treatment are medical preparations.

(6) The applicant has submitted copies of Licence No.76/25D/89 dt.02.12.1989 of the Drugs Controller and Licensing Authority and the Certificate of renewal of licence, ML4 – 919/07/DC dt.09-08-2007 issued by ASU Drugs Controller (ISM) and Licensing Authority in support of the claim. The applicant has also produced a copy of the letter No.Z 18017/12/2009 – DCC (AYUSH), Dept. of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy, Ministry of Health & Family Welfare, Govt. of India dtd.20.05.2009, wherein it has been stated that:

- (i) **Hair O Max Oil manufactured by M/s.Nupal Remedies has ingredients which are mentioned in books of the first schedule of Drugs and Cosmetics Act.**
- (ii) **The said preparation does not fall under the category of cosmetics as it is being used for its therapeutic value and not as a cosmetic. It is an ayurvedic formulation which is licensed as Patent and Proprietary medicine under sec.3h of Drugs and Cosmetics Act.**

(7) In view of the above points, learned Advocate Sri. Anil D.Nair would press for the point that KAMILARI capsule and syrup and HAIR O MAX natural hair fortifying oil and capsule will fall under Entry 36 (7)(e)(i) of the Third Schedule with HSN code 3003.90.11.

II. File No.C3/52240/08/CT (M/s.Sreedhareeyam Ayurvedic Medicines, Ernakulam)

(1) M/s. Sreedhareeyam Ayurvedic Medicines, Ernakulam has filed an application U/s 94 of the Act, seeking clarification on the rate of tax of their product ‘Special Sumangala Thailam’, an ayurvedic medicated oil. The applicant would state that it is manufactured under Drug Licence, No.2/25D/2008 dt.21.02.2008 issued by the ASU Drugs Controller (ISM) & Licensing Authority. He would further state that the ingredients of the product are prescribed in the text Sahasrayogam. The product is used for curing diseases like hair fall etc. The applicant would further argue that the product is purely an Ayurvedic Medicament which consists of mixed product for therapeutic and prophylactic use put up in measured doses and package for retail sale, falling under the Third Schedule and taxable @ 4% under Entry 36(8)(h)(i) with HSN code 3004.90.11. The applicant has also referred the Clarification order No.C7-2546/06/CT dt.29-04-2006 related to ‘Dhathri Hair Oil’. The applicant has requested to clarify the following:

- (i) Rate of tax applicable to the product
- (ii) Whether they are entitled to opt for MRP compound rate u/s.8e

III. File No.C3/53075/08/CT (M/s. Sundareswary Herbal Products, Kollam)

(1) M/s.Sundareswary Herbal Products, Kollam has preferred an application u/s.94 of the Act seeking the rate of tax on the product 'Amary Herbal Hair Oil'.

(2) The applicant has relied the argument advanced in respect of hair oil. No other points were raised. He has submitted a copy of the Certificate of renewal of Licence (ML-5-2341/07/DC dtd.09.10.2007 of ASU Drugs Controller (ISM) & Licensing Authority (ASU)) in support of his claim.

IV. File No.C3/33608/08/CT (M/s.MVM Ayurvedic Research Lab, Kollam)

(1.) M/s.MVM Ayurvedic Research Lab, Kollam have filed an application u/s.94 seeking clarification on the rate of tax applicable to 'Krishnathulsi Hair Tonic'. The applicant has argued that the product Krishnathulsi Hair Tonic is purely an Ayurvedic Medicine approved by the Drugs Controller. He has produced a copy of the Certificate of renewal of Licence to manufacture for sale of ayurvedic /siddha/ or Unani Drugs, No.ML-5-4758/05/DC dt.21.03.2006 in support of the claim. The composition, method of preparation, indication, direction and presentation of the product is claimed to be approved by the Deputy Drugs Controller (Ayurveda). The preparation of the product is based on references from "Sahasrayogam" and "Niganduretnakaram". The hair tonic is only indicated for medicinal purposes such as dandruff, headache, aloepacai and hair growth and not for any cosmetic purpose.

(2) The applicant has relied Clarification order No.C7-2546/06/CT dtd.29.04.2006 relating to Dhathri Hair Oil. The applicant has contended that the product Krishnathulsi Hair Tonic is an ayurvedic medicament taxable @ 4% under entry 36(7)(e)(i) with HSN code 3003.90.11 and requested to clarify the same. The applicant has relied / supported the arguments in favour of hair oil and no new points have been raised.

V. File No.C3-51058/08/CT (M/s.Mukthi Pharma, Thiruvananthapuram)

(1) M/s. Mukthi Pharma, Thiruvananthapuram, have filed an application for clarification on the rate of tax of the following 4 products:

- (i) Kesakamalam Hair Tonic
- (ii) Ramacham Ayurvedic Soap
- (iii) Sona Fairness Cream
- (iv) Sona Herbal Soap

(2) They have produced a copy of Certificate of renewal of licence to manufacture for sale of Ayurveda / Siddha / Unani Drugs No.ML5-13897/08/DC dt.20.03.2009 to support the case. The applicant has contended that these items are not cosmetic but purely Ayurvedic medicines. The applicant would further contend that these items are falling under Entry 36

(7)(e)(i) of the Third Schedule with HSN code 3003.90.11. The applicant has requested to clarify the same. No other points were raised.

VI. File No.C3/35926/07/CT (M/s.Pankajakasthuri Herbals India (P) Ltd., Trivandrum)

(1) M/s. Pankajakasthuri Herbals India (P) Ltd. Trivandrum has requested to clarify the rate of tax of the following 7 products for which they have claimed to have obtained Drug Licence from ASU Drugs Controller (ISM) Licensing authority as Ayurvedic Patent Medicine.

- 1) Pankajakasthuri Kaveri Fairness Milk Cream
- 2) Pankajakasthuri Kaveri Fairness Cream
- 3) Pankajakasthuri Clear Foot ointment
- 4) Pankajakasthuri Kaveri no-pimple cream
- 5) Pankajakasthuri Kasthuri & Kaveri Herbal Soaps
- 6) Kasthuri Herbal Baby Soap
- 7) Pankajakasthuri Baby Fairness Oil

(2) They have filed a copy of Licence No.50/25D/96 dt.08.05.2007 issued by ASU Drugs Controller ISM and Licensing Authority in support of the claim.

(3) The applicant has contended that the Hon'ble Supreme Court of India, issued an order against the Civil Appeal filed by the Commissioner of Central Excise & Customs (Pankajakasthuri Herbals India (P) Ltd. Vs. The Commissioner of Central Excise & Customs, Civil Appeal No.D 28673 of 2005) that the Kaveri Fairness Cream is an Ayurvedic Medicament manufactured in terms of ingredients mentioned in the ayurvedic text and meant for therapeutic, prophylactic or curative value in curing the skin diseases are classifiable under sub heading 3003.30 of Central Excise Tariff.

(4) The applicant assails that as per sub heading 3003.30 of Central Excise Tariff Medicaments means:

Medicaments (including veterinary medicaments) used in ayurvedic, Unani, Tibb, Siddha or Homeopathic Systems, manufactured exclusively in accordance with the formulae described in the authoritative books specified in the first schedule to the Drugs and Cosmetics Act, 1940.

(5) The applicant has argued that the product Kaveri Fairness Cream was declared by the Hon'ble Supreme Court as Medicine. Hence, their product would definitely come under Entry 36 of the KVAT Act.

(6) The applicant has also relied case laws; The Deputy Commissioner (Law), Board of Revenue (Taxes), Ernakulam Vs. A.V. Kamath & Sons (1998) 6 KTR 212(Ker) (Vicco Vajradanti and Vicco Turmeric Vanishing Cream Case), The State of Andhra Pradesh Vs. Koduri Satyanarayana and Co. (1998) 68 STC 233 (Prickly Heat Powder Case), Puma Ayurvedic Herbal (P) Ltd. Vs. Commissioner, Central Excise, Nagpur 145 STC 200, The

State of Kerala Vs. Tips & Toes Cosmetics India Ltd. (2004) 12 KTR 253 (Ker) (Kajal Case), B.P.L Pharmaceuticals Ltd. Vs. Collector of Central Excise, 1995 (77) ELT 485 (SC) and to the Clarification orders No.C7-40688/05/CT dt.16.01.06 (Halls), and Order no.C7-2546/06/CT dt.29.04.06 (Dhathri Hair Oil) to support the case.

(7) The applicant has also argued that as per Entry No.36 of the Third Schedule to the KVAT Act, 2003, the meaning of medicaments is mentioned as same as the sub heading 3003.30 of the Central Excise Tariff Act.

(8) The applicant has argued that in view of the above, their ayurvedic medicinal preparation comes under entry 36 of the Third Schedule to the Act and requested to clarify the same.

VII. File No.C3/43740/08/CT (M/s. Sitaram Ayurveda Pharmacy Ltd., Thrissur)

(1) M/s. Sitaram Ayurveda Pharmacy Ltd., Thrissur has put in application seeking clarification on the rate of tax of the following products:

Product	Purpose
01. Narasimham oil	Vajeekaranam, vim and vigour, intelligence
02. Narasimham tablet	Vajeekaranam, vim and vigour, intelligence
03. Aller G tablet	Eczema, Psoriasis, Peenasa, Kasa, irritation of nose, sneezing
04. Herba Cals tablet	Calcium deficiency, Nethrarogam, Osteoporosis in women
05. Stomacool tablet	Amlapitham, Udarasoolam, Parinama soola, Acidity, Aruchi
06. Take Kare	Kasaswasa, Swarabramsam, Rakthavatham, Sukla dosham
07. Release pain balm	Vatha vikaras, Kadi gruha, muscular pain, common cold, head ache
08. Sitaram Cough Syrup	Swasa rogas, Kasa, Thamaka swasa, Parswa soola
09. Dasamool Cough Syrup	Swasarogas, Prishtasoola, Jwara, Vayu kshobha
10. Bye Cough	Swasa roga, Vayukshobha, Thamakaswasa, Eosinophilia, Common cold, Sore throat
11. Sitaram Soundarya Choornam	Pimples, Discolorisation of face
12. SitaramThenginPookkula Lehyam	Soothika rogangal, backache, loss of appetite
13. Mai Man Capsules	General weakness, Erectile disfunction
14. Ajamamsa Rasayanam	Shosha, during convalescence, postnatal care
15. Aja Aswagandha Rasayanam	Kasam, Swasam, Susham, Postnatal care

(2) The applicant has argued that these are ayurvedic medicines falling under the Third Schedule Entry 36(7) (e)(i) with HSN Code 3003.90.11. The applicant has submitted copies of Drug Licence 100/25D/99 dt.11.12.1999 issued by Drugs Controller and Licensing Authority and Certificate of renewal dtd.26.03.2008 in support of the claim.

(3) The applicant has also produced a copy of the Certificate No.ML6.15088/08/DC dt.20/12/08 of the ASU Drugs Controller (ISM) & Licensing Authority wherein it has been certified that the following products:

- 1) Narasimham oil

- 2) Narasimham tablet
- 3) Aller G tablet
- 4) Herba Cals tablet
- 5) Stomacool tablet
- 6) Take Kare
- 7) Release pain balm
- 8) Sitaram Cough Syrup
- 9) Dasamool Cough Syrup
- 10) Bye Cough
- 11) Sitaram Soundarya Chooranam
- 12) Mai man capsules
- 13) Sitaram Thengin Pookula
- 14) Ajamamsa Rasayanam
- 15) Aja Aswagandha Rasayanam

manufactured by the applicant are Ayurvedic Medicines.

(4) The applicant has also argued that Narasimham Oil is prepared as per reference text “**Ashtangahrudayam**” and is exempt from Central Excise Duty. The applicant has requested to clarify the same.

VIII. (1) The subject matter for clarification in the applications under reference have similar nature and facts on hand are more or less same. Hence the applicants were heard jointly and the contentions raised were examined and a common order is passed as below.

(2) In interpreting the entry related to ayurvedic medicines (Entry 36 of the third schedule with HSN CODES 3003.90.11 or 3004.90.11), no single criteria can be adopted, at first the relevant entry in the schedule is to be interpreted with the rules of interpretation to the schedules of KVAT ACT.

(3) Going by Note 23 to the Rules of Interpretation appended to the KVAT Act “*Entry 36 in Third Schedule does not include food or beverages such as dietetic, diabetic or fortified foods, food supplements, tonic beverages, aqueous distillates or aqueous solutions of essential oils suitable for medicinal use, soaps or other products containing added medicaments, and blood albumin not prepared for therapeutic or prophylactic uses.*”

(4) The Rules of Interpretation and chapter notes to the Customs Tariff Act should also be looked into since the Schedule of the KVAT Act is aligned with the Customs Tariff Act and since as per the Rules of Interpretation to the schedules of the KVAT Act, those commodities which are given with HSN number should be given the same meaning as given in the Customs Tariff Act, 1975.

(5) There exist a situation in the trade, whereby, taking advantage of the Entry 36 of the Third Schedule, primarily intended for medicines, many so called-medical products and cosmetics are flooding the market with the term ‘*ayurvedic/herbal/natural*’ etc suffixed or prefixed, claiming lesser rate of tax. It was particularly to avoid this situation, and consequent revenue loss on this account, the Government had made its intention clear in the Para 191 of the Budget Speech 2007-2008 which reads ‘*A number of cosmetic items that would normally*

have been taxable at 12.5% are being taxed only at 4% because they are produced under a Drug License which permits them to claim the status of medicines taxable at 4%. It is proposed to plug this loophole by amending the schedule entry appropriately. Subsequently, Entry 36 of the Third Schedule has been amended, specifying that similar goods notified under clause (d) of sub section (1) of section 6 shall be excluded from its purview with effect from 1-4-07. The Government had also, in exercise of the powers conferred by Clause (d) of sub section (1) of Section 6 of the KVAT Act, 2003 made amendments to the SRO No.82/2006 vide SRO.No.119/2008. A combination of factors has to be considered in its totality to arrive at a conclusion to the effect that whether the product is a drug, cosmetic or food supplement, like:-,

- (i) Possession of a drug license under the Drugs and Cosmetics Act,*
- (ii) The ingredients used whether its prophylactic and therapeutic properties are only incidental to the product, and the specific condition it cures.*
- (iii) Mentioning of the ingredients in ayurvedic texts, whether as a patent or proprietary medicine*
- (iv) Mode of presentation of the product to the market, i.e. whether as a drug or cosmetic or food supplement, including the packaging and advertisements ie whether as a drug or cosmetic or food supplement, and the target clientele*
- (v) Whether it is prescribed by the doctor*

(6) Considering a single factor narrated above may not be sufficient, for example the fact of manufacture of an item under license under the Drugs & Cosmetics Act it cannot be termed as medicament, and it cannot be solely relied upon to clarify that whether the item is a medicine. The manufacturers of the products have a drug license issued to them by the Drug Control Authorities based upon the presence of certain constituents and certain subsidiary curative and prophylactic properties. While interpreting a fiscal statute the legislative intent is of paramount importance. Various products are differently classified, resort should not be had to the scientific and technical meaning of the terms and expressions used but to their popular meaning, that is to say, the meaning attached to them by those using the product. Ordinarily a medicine may be prescribed by a Medical Practitioner and it is used for a limited time and not every day unless it is so prescribed to deal with a specific disease. It is true that, some ingredients used may have certain properties for soothing the skin, to improve the appearance or general health but that does not alter the character of the product as an ayurvedic medicine for the purpose of KVAT Act.

(7) With these interpretational guidelines relevant in interpreting the entries, the arguments and the products are examined and a conclusion is arrived as below.

(a) On examination of the argument notes and the pieces of evidence produced regarding the presentation and use of the products mentioned below, positively agrees to all the criteria laid down in Para 5 above in its totality.

KAMILARI capsule and syrup
Aller G tablet
Herba Cals tablet
Stomacool tablet
Take Kare

Sitaram Cough Syrup
Dasamool Cough Syrup
Bye Cough
Sitaram Thengin Pookkula Lehyam
Ajamamsa Rasayanam
Aja Aswagandha Rasayanam

Hence, these products would be classified under the HSN Codes 3003.90.11 or 3004.90.11 and would be taxable at 4% vide Entry 36 of the Third Schedule to the Kerala Value Added Tax Act, 2003.

(b) With regard to the products,

Sona Fairness Cream
Pankajakasthuri Kaveri Fairness Milk Cream
Pankajakasthuri Kaveri Fairness Cream
Pankajakasthuri Clear Foot Ointment
Pankajakasthuri Kaveri No-pimple Cream
Pankajakasthuri Baby Fairness Oil
Sitaram Soundarya Choornam
HAIR O MAX Natural Hair Fortifying Oil
Special Sumangala Thailam
Amary Herbal Hair Oil
Krishnathulsi Hair Tonic
Kesakamalam Hair Tonic

(8) It is apparent, from the Notes to Chapter 30 of the Customs Tariff Act, to which these HSN codes 3003 and 3004 belong, that for any product to be treated as medicament or medicine, must have therapeutic or prophylactic uses. It is the requirement for being classified under Heading 3003 of the Tariff that the therapeutic or prophylactic uses must be the main uses of the product. The mere fact that some ingredients are mentioned in the Authoritative text books on Ayurveda would not make the product a "medicament" within the meaning assigned to the said term. This is also evident from Note 1(d) to Chapter 30 which mentions that "This Chapter does not cover preparations of Chapter 33 even if they have therapeutic or prophylactic properties." A reading of Note 1(d) with Note 2(i) to Chapter 30 makes it very clear that preparations which fall under Chapter 33 even if they have therapeutic or prophylactic properties are not covered under Heading 3003 or 3004 as medicaments. As per note 23 to the Rules of Interpretation appended to the KVAT Act "Entry 36 in Third Schedule does not include food or beverages such as dietetic, diabetic or fortified foods, food supplements, tonic beverages, aqueous distillates or aqueous solutions of essential oils suitable for medicinal use, soaps or other products containing added medicaments, and blood albumin not prepared for therapeutic or prophylactic uses". This view is further strengthened by Note 2 to Chapter 33 of the Tariff, dealing inter alia with Cosmetics or Toilet Preparations. As per this Note, Heading No. 33.03 to 33.07 would remain classified under Chapter 33 "whether or not they contain subsidiary pharmaceutical or antiseptic constituents, or are held out as having subsidiary curative or prophylactic value."

(9) As such, considering the available evidence and the argument notes filed by the petitioners it is found that though the products are manufactured with a drug licence, the function and purpose of these products are to soothe the skin from minor blemishes and irritants, they are mainly concerned with improving the appearance of the skin, and thus have only subsidiary curative or prophylactic value. The petitioners have not put forth any argument on this point. They correctly fit the description of “**Cosmetics**” and are found not to be eligible to be classified under the HSN code 3003.90.11 or 3004.90.11 and thus **they can be safely classified under Entry 25 of SRO No.82/2006 as amended by SRO.No.119/2008 and taxable at 12.5%.**

(10) The manufacturers of these products, particularly of those which are applied on the hair would further argue that Clarification Order No.C7-2546/06/CT dtd.29.04.2006 regarding the Clarification order given to M/s. Warriar’s Hospital and Panchakarma Centre, Kayamkulam regarding *Dhatri hair oil* would be squarely be applicable to them also as the issues are similar. In this regard, it is found that vide subsequent changes in the law as referred in Para VIII (5) above, the above order is not relevant in deciding the facts in issue as on date. Moreover the order in Dhatri hair oil is now a subject matter of review.

(c)As for the following products,

Narasimham Oil
Narasimham Tablet
Mai Man Capsules
HAIRO MAX Capsule
Release Pain Balm

On examination of these products it is seen that, these products may have subsidiary medical and prophylactic uses, the applicants does not put forward arguments or evidence regarding concrete medical uses. It is understood that they are used for general well being of the body, with subsidiary curative and prophylactic properties. In the circumstances they cannot be classified under Entry 36 of the Third Schedule and **will be classifiable under Entry 103 of SRO No.82/2006, taxable at 12.5%.**

(d) As for the products,

Ramacham Ayurvedic Soap
Sona Herbal Soap
Pankajakasthuri Kasthuri & Kaveri Herbal Soaps
Kasthuri Herbal Baby Soap

It is true that, the some ingredients used in these soaps may have certain properties for soothing the skin, but that does not alter the character of the product as an ayurvedic medicine for the purpose of KVAT Act. Therefore, in view of the guideline (vi) (23) to Rules of Interpretation of Schedules appended to the KVAT Act, there clearly exist a category of products which may be granted a drug license based on certain subsidiary pharmaceutical or

antiseptic constituents or having subsidiary curative or prophylactic value which would, however, cannot be classified under Entry 36 in Third Schedule despite having the drug license.

(11) The Customs Tariff Act, 1975 also provides HSN codes 3401.11.10 and 3401.30.11 for medicated toilet soaps. Providing a separate HSN code for these products would also prove that they are not within the Entry 3003.90.11 or 3004.90.11 as per the Rules of Interpretation to the Customs Tariff Act, 1975 and Note 23 to the Rules of Interpretation appended to the KVAT Act (stated supra) and are found not to be eligible to be classified under the HSN code 3003.90.11 or 3004.90.11 and thus **they can be safely classified under Entry 27 of SRO No.82/2006 and taxable at 12.5%.**

The issues raised above are clarified accordingly.

Deputy Commissioner (Gen)
O/o CCT

Deputy Commissioner (A&I)
O/o CCT

Deputy Commissioner (Int)
O/o DC(Int) Tvpm.