

**21. 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. R. Rajasekharan Nair, Deputy Commissioner (Audit & Inspection), O/o.CCT, Tvpm.
2. A. Biji Kumari Amma, Deputy Commissioner (Legal Wing), O/o.CCT, Tvpm.
3. A. Ashok Kumar, Deputy Commissioner (Internal Audit), O/o.CCT, Tvpm.

Sub: KVAT Act, 2003 – Clarification u/s.94 – Rate of tax of Chitin and Chitosan - Orders Issued.
Ref: Application from Sri. Manu Mathew, Kochi dated 9/3/2009.

Order No.C3/14016/09/CT dated 26/11/2009.

1. Sri. Manu Mathew, Kochi has preferred an application U/s 94 of the KVAT Act 2003 seeking clarification on the rate of tax of the commodities Chitin and Chitosan.

2. The applicant has requested to clarify the rate of tax of the modified natural polymers Chitin and Chitosan which are reported to be industrial inputs. The applicant has produced a copy of the Certificate issued by Central Institute of Fisheries Technology to support the argument that Chitin and Chitosan is a modified natural polymer prepared from prawn shell.

3. The applicant contended that the Customs Tariff Code for Chitin and Chitosan is 3913 and that the said HSN Code comes under the Entry 118 (13) of List A, Third Schedule to the Act. The applicant has also referred the Rules of Interpretation appended to the Schedules which reads as follows:

The goods given in List A to Third Schedule as 'Industrial inputs and Packing Materials' shall attract the rate of tax applicable to third schedule regardless to the purpose for which such goods have been purchased.

4. Entry 118 (13) of List A, Third Schedule to the Act reads as follows:

118 Plastic granules, plastic powder and master batches

(13) Natural polymers (for example alginic acid) and modified natural polymers

(for example, hardened proteins , chemical derivatives of natural rubber)

not elsewhere specified or included in primary forms

3913

5. Chitin and Chitosan are commodities obtained from prawn shells. The Central Institute of Fisheries Technology has also certified the same. As such it would fall under the HSN Code 3913. It is seen that the Customs and the Central Excise has also adopted this classification.

6. In the circumstances, the commodities Chitin and Chitosan are taxable at 4% vide Entry 118(13) of the List A of the Third Schedule to the Kerala Value Added Tax Act, 2003.

The issues raised above are clarified accordingly.

Deputy Commissioner (A&I)
O/o CCT

Deputy Commissioner (LW)
O/o CCT

Deputy Commissioner (IA)
O/o CCT