

**24. DEPARTMENT OF COMMERCIAL TAXES, KERALA
PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION
U/s 94 OF THE KVAT ACT, 2003**

Members Present are:

1. V. Murukesh Kumar, Dy.Commissioner(General),O/o CCT,
2. R.Rajasekharan Nair, Dy.Commissioner(A & I),O/o
3. K.M.Althaf, Dy.Commissioner(Int),O/o DC (Int),Tvp

Sub:- KVAT Act, 2003 – Clarification u/s.94 – Rate of Tax on Ferro Silicon –
Orders issued – reg.

Read:- Application from Sri K.Bhaskaran,Palakkad dated 24/3/2009.

ORDER No.C3/14461/09/ CT DATED 29/09/2009

1. Sri K.Bhaskaran,Palakkad has filed an application u/s.94 of the KVAT Act, 2003. seeking clarification on the rate of tax of Ferro Silicon.

2. The applicant has submitted that Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. Silicon constitutes the major proportion in Ferro Silicon. Ferro Silicon is primarily used as a deoxidizer in the production of steel and alloy steels. Ferro Silicon is also used in the manufacturing of power rectifiers and welding electrodes.

3. The applicant argues that in the Central Excise Tariff Act, the commodity is classified as under:

| <i>Tariff Item</i> | <i>Description of Goods</i> |
|--------------------|-----------------------------|
| 7202 | <i>Ferro Alloys</i> |
| | <i>x x</i> |
| | <i>Ferro-Silicon</i> |

7202.21.00 *Containing by weight more than 55% of silicon*
7202.29.00 *Other*
(Ferro-manganese, Ferro chromium etc. comes as sub-items)

According to him, there is no specific entry for Ferro Silicon in KVAT Act, 2003. There is a sub entry 'Ferroalloys' under Entry 43 of the Third Schedule to the KVAT Act, 2003.

4. He would further state that as per the Rules of Interpretation, Ferro Silicon coming under Tariff Entries 7202.21.00 and 7202.29.00 would fall within the scope of Entry 43(2) of the Third Schedule to the KVAT Act, 2003 taxable at 4%. The applicant was heard and the contentions raised were examined.

5. Entry 43(2) of the Third Schedule to the KVAT Act, 2003 reads Ferroalloys with the HSN Code 7202. The Customs Tariff Act HSN code 7202 reads as follows;

7202 *Ferro-alloys*
 x x x x

Ferro-silicon:

7202.21.00 *Containing by weight more than 55% of silicon*
7202.29.00 *Other*
7202.30.00 *Ferro-silico-manganese*

6. As per the Rules of Interpretation of Schedules appended to the KVAT Act 2003, the commodity Ferro Silicon with HSN Code 7202.21.00 / 7202.29.00 would fall under Entry 43(2) of the Third Schedule to the KVAT Act, 2003 with HSN Code 7202. Hence, taxable at 4%.

The issue raised above is clarified accordingly.

Dy.Commissioner(General)
O/o CCT

Dy.Commissioner(A&I)
O/o CCT

Dy.Commissioner(Int),
O/o DC (Int),Tvpn