

**7. PROCEEDINGS OF THE COMMISSIONER, COMEMRCIAL TAXES
THIRUVANANTHAPURAM**

Present:- Sri.Paul Antony.IAS

Sub:- KVAT Act-03- Clarification under section 94-rate of tax of
Dispersal- clarified orders issued- reg:

Read:- 1. Application in form 24 Dt. 26.09.05 from M/s. Suraj
Chemical Co,Pathanamthitta
2. Hearing Notice No.VC.1.47656/05/CT Dt. 12.12.05

ORDER No.C7.47656/05/CT Dt. 24.01.06

M/s. Suraj Chemical Co,V. Kottayam.P.O, Pathanamthitta has applied for a clarification under section 94 of the KVAT Act, 03 regarding the rate of tax on 'Dispersal'.

Sri.Suresh, representative was heard. The contention of the applicant is that the firm is an SSI Unit manufacturing "Dispersal" and their product is produced by mixing TMTD and Zinc oxide which are taxable @ 4% and the item is exclusively used in latex to control UFA. The applicant further argued that the item should be treated as rubber related chemicals in Sl. No. 124 in List A of schedules 3 to KVAT Act, 03 as amended by KVAT (Amendment) Act, 2005, and the rate of tax applicable is 4 %.

The contentions of the applicant were analysed Dispersal, the product of the applicant is a chemical mixture used as a preservative for natural rubber latex.

In the KVAT Act, 03 as amended by KVAT (Amendment) Act 05, dispersal is not included in any of the schedules. Hence dispersal is taxable @ 12.5% under RNR category.

The point sought for is clarified accordingly.

Sd/
Commissioner