

18% GST payable on Aerobic Micro-Organism or Protein derived used in Cementitious or Concrete application: West Bengal AAR

Fact of the Case

The applicant, Synthetic Moulders Limited is a manufacturer of aerobic microorganism or protein derived thereof which, according to the applicant, reduces the requirement of cement in all cementitious / concrete application.

The applicant submits that this bacterial protein works in extracting silica in the form of nano silica from any silica rich substrate. Higher silica leaching activity within the concrete mix leads to higher strength and durability of the concrete. Hence, the cement percentage in the concrete mix can be reduced while increasing the ratio of such cheaper material like fly ash, stone dust etc.in the concrete mix.

This will help in reducing the cost without compromising on the quality of concrete mix. It also imparts self-healing properties in mortar, plaster, bricks etc. and increases acid resistance of the same.

The applicant sought the advance ruling on the issue in respect of HSN Code and rate of tax applicable on supply of aerobic micro organism/protein derived thereof used as a biological agent to reduce the requirement of cement in all cementitious / concrete application.

Decision of the Case

The Coram of members ruled that The product, viz. aerobic micro organism/protein derived thereof used as a biological agent to reduce the requirement of cement in all cementitious / concrete application as manufactured and to be supplied by the applicant falls under the description "Prepared additives for cements, mortars or concretes" and is classifiable under HSN 3824 40 of the First Schedule to the Customs Tariff Act, 1975.

The AAR ruled that the goods are covered under Sl. No. 97 of Schedule-III of Notification No. 1/2017-Central Tax (Rate) dated 28-6-2017 (as amended) and corresponding W.B.State Tax Notification No. 1125 F.T. dated 28.06.2017(as amended) attracting GST at the rate of 18% (9% CGST and 9% WBGST).

The West Bengal Authority of Advance Ruling (AAR) ruled that 18% GST payable on aerobic micro-organism or protein derived used in cementitious or concrete application.