

18% GST payable on Unburnt or Half-Burnt Coal and Dust: The AAR, Telangana

Fact of the Case

The applicant, M/s. Jeevaka Industries Private Limited are manufacturers of taxable goods i.e., sponge iron using a coal based manufacturing process.

The applicant has sought the advance ruling in respect of HSN Code applicable on the wastes, namely, Cinder Half-burnt Coal / Char Dolachar and ESP / Bag Filter Dust generated during the process of manufacturing Sponge Iron under DRI process. Yet another issue raised was would the GST Compensation Cess at the rate of Rs.400/- per tonne be applicable on sale of waste, i.e. Cinder Half-burnt coal, generated during the said process.

Decision of the Case

The two-member bench of Additional Commissioner of State Tax S.V. Kasi Visweshwar Rao and Additional Commissioner of Central Tax B. Raghun Kiran ruled that both unburnt or half-burnt coal and dust falls under entry 28 of Schedule III of Notification No.01/2017 dtd June 28, 2017 and attracts 18% tax under IGST and 9% under CGST/SGST Acts. Moreover, HSN Code for the Cinder Half-burnt Coal / Char Dolachar and ESP / Bag Filter Dust generated during the process of manufacturing Sponge Iron under the DRI process is “2619 00 90”.

The AAR further ruled that GST Compensation Cess at the rate of Rs.400/- per tonne will not be applicable on sale of waste, i.e. Cinder Half-burnt coal, generated during the process.

The Telangana Authority of Advance Ruling (AAR) ruled that 18% GST is payable on Unburnt or Half-Burnt coal and Dust.