

**PROCEEDINGS OF THE AUTHORITY FOR CLARIFICATION AND ADVANCE RULINGS UNDER SECTION 60 OF THE KARNATAKA VALUE ADDED TAX, 2004 AND RULES 164 AND 165 OF THE KARNATAKA VALUE ADDED TAX RULES 2005**

: (1) M.D. Jain,  
Additional Commissioner of Commercial Taxes  
(Head Quarter)-1, Bangalore and chairman.

: (2) H. D. Arunkumar,  
Additional Commissioner of Commercial Taxes,  
(Policy & Law), Bangalore and Member.

: (3) R. Jagadeesh Prasad,  
Additional Commissioner of Commercial Taxes,  
(GST), Bangalore and Member.

NAME AND ADDRESS OF THE APPLICANT : M/s. STP Limited,  
No.36, Mission Road,  
Bangalore-560027.

TIN : 29330138880

JURISDICTIONAL ASSESSING AUTHORITY : LVO-111, B'lore.

REPRESENTED BY : Sri. Shivakumar, Authorised Representative

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ORDER NO.AL.R.CLR.CR-32/12-13, DATED: 10-09-2013

1. M/s. STP Limited, No:36, Mission Road, Bangalore-560027 borne on the files of LVO-111 B'lore having TIN: 29330138880 ("the applicant" for short) has filed an application in Form VAT-540 dated: 02-08-2012 under section 60 of the KVAT Act 2003 (Act for short). The applicant company is engaged in manufacture and sale of construction chemicals like water proofing agents, water proofing fillers etc. Two of the products manufactured and marketed by the applicant are:-

- a) Shaliseal PS, PG (Pacing grade sealant)
- b) Shaliseal PS GG (Gun Grade Sealant).

2. As per the documents furnished by the applicant the 'Shaliseal PS(PG)' and 'Shaliseal PS (GG)' are products made of polysulphide. Liquid Polysulphide polymers and plasticiser are poured into the planetary mixer for 5 minutes to make a homogeneous mixture. Pigments, fillers and other additives are added after that and mixed for 4 minutes, viscosity is adjusted with further plasticiser. The material

is tested for flow and setting time with standard catalyst. These products are used for sealing expansion joints, door-window surrounding joints etc. The applicant is seeking clarification as to whether these products fall under entry no.51 of the Third Schedule to the Karnataka VAT Act 2003 read with serial no.58 of the Table in the Notification No.FD.55/CSL/2005(8) dated: 23-03-2005 which reads as "Sulphides, Polysulphides".

3. The applicant's authorised Representative Sri. Shivakumar, appeared before the Authority on 31-05-2013 and argued on the lines of written submissions made and further stated that,

"Some of the companies are engaged in manufacture and sale of some product with their own brand name and charging VAT at 5% treating it as industrial inputs as prescribed in the entry no.51 of the third schedule read with Sl.No.58. Where as some companies are charging higher rate of VAT at 14.5%." Since STP Limited sells these products for "Industrial use only" which is permanently displayed on their packing, he urged for the clarification on the rate of tax of this product.

4. The Representative was heard. The documents tendered by the applicant were verified.

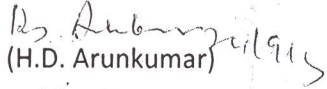
(a) The Joint Commissioner of Commercial Taxes (Admn), VAT Division-3, Bangalore more report was called for in the matter has opined that these goods in question are unscheduled goods liable at 14.5% as they are products manufactured by using polysulphide as a material.

(b) Item no.58 of the Table in the Notification No. FD/55/CSL/2005(8) dated: 23-03-2005 issued under entry Sl.No. 51 of the Third Schedule to the Act reads as 'Sulphides, Polysulphide'. Where as in the instant case applicant has admitted by him has manufactured the products out of liquid polysulphide and plasticiser as well as fillers, pigments and other additives. From this it is evident that the polysulphides are mixed with other additives to become a 'new chemical compound' other than the 'polysulphides'. Hence these products can not be held as 'polysulphide', which is notified under the notification as an industrial inputs liable for lower rate of tax of 5.5%.


5. In view of the above discussion the authority hereby clarifies that 'Shaliseal PS (PG)' and 'Shaliseal PS (GG)' which are products polysulphide polymers are liable for tax at 14.5% under section 4(1) (b) (iii) of the KVAT Act, 2003.

  
(R. Jagadeesh Prasad)  
Member

Clarification & Advance Ruling Authority  
Gandhinagar, Bangalore-9.  
Copy to:

  
(H.D. Arunkumar)  
Member

Clarification & Advance Ruling Authority  
Gandhinagar, Bangalore-9

  
(M.D. Jain)  
Chairman

Clarification & Advance Ruling Committee  
Gandhinagar, Bangalore-9

- (1) The Applicant.
- (2) The LVO-111, Bangalore.
- (3) Submitted to the Commissioner of Commercial Taxes (Karnataka), Bangalore.