

**GOVERNMENT OF ASSAM**  
**OFFICE OF THE COMMISSIONER OF TAXES, ASSAM :: KAR BHAWAN**  
**DISPUR, GUWAHATI-6**

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**CIRCULAR NO. 14/2018-GST**

Dated Dispur the 20th August, 2018.

**Sub : Clarification regarding applicability of GST on the petroleum gases retained for the manufacture of petrochemical and chemical products – regarding**

**No. CT/GST-15/2017/167.**—References have been received regarding the applicability of GST on the petroleum gases retained for the manufacture of petrochemical and chemical products during the course of continuous supply, such as Methyl Ethyl Ketone (MEK) feedstock, petroleum gases etc.

2. In this context, it may be recalled that clarifications on similar issues for specific products have already been issued vide circular Nos. 12/12/2017-GST dated 26<sup>th</sup> October, 2017 and 29/3/2018-GST dated 25<sup>th</sup> January, 2018 by Central Tax Authority. These circulars apply *mutatis mutandis* to other cases involving same manner of supply as mentioned in these circulars. However, references have again been received from some of the manufacturers of other petrochemical and chemical products for issue of clarification on applicability of GST on petroleum gases, which are supplied by oil refineries to them on a continuous basis through dedicated pipelines, while a portion of the raw material is retained by these manufacturers (recipient of supply), and the remaining quantity is returned to the oil refineries. In this regard, an issue has arisen as to whether in this transaction GST would be leviable on the whole quantity of the principal raw materials supplied by the oil refinery or on the net quantity retained by the manufacturers of petrochemical and chemical products.
3. The GST Council in its 28th meeting held on 21-07-2018 discussed this issue and recommended for issuance of a general clarification for petroleum sector that in such transactions, GST will be payable by the refinery on the value of net quantity of petroleum gases retained for the manufacture of petrochemical and chemical products.
4. Accordingly, it is hereby clarified that, in the aforesaid cases, GST will be payable by the refinery only on the net quantity of petroleum gases retained by the recipient manufacturer for the manufacture of petrochemical and chemical products. Though, the refinery would be liable to pay GST on such returned quantity of petroleum gases, when the same is supplied by it to any other person. It is reiterated that this clarification would be applicable *mutatis mutandis* on other cases involving supply of goods, where feed stock is retained by the recipient and remaining residual material is returned back to the supplier. The net billing is done on the amount retained by the recipient.
5. This clarification is issued in the context of the Goods and Service Tax (GST) law only and past issues, if any, will be dealt in accordance with the law prevailing at the material time.



This Circular is clarificatory in nature and not meant for any interpretation of provisions of the Act and rules.

Difficulty, if any, in the implementation of the above instructions may please be brought to the notice of the Commissioner.


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(Anurag Goel, IAS.,)  
Commissioner of State tax, Assam,  
Dispur, Guwahati

Memo No. CT/GST-15/2017/167-A

Dated Dispur the 20th August, 2018

Copy for information to :

- 1) The Additional Chief Secretary to the Government of Assam, Finance Department, Dispur, Guwahati-6.
- 2) The Commissioner & Secretary to the Government of Assam, Finance (Taxation) Department, Dispur, Guwahati-6.
- 3) The Commissioner of Central GST, Guwahati / Dibrugarh Commissionerate.
- 4) The Special Commissioner of State tax / Additional Commissioner of State tax, Assam (All) / Joint Commissioner of State tax, Assam (All).
- 5) The Deputy Commissioner of State tax (All).
- 6) The Assistant Commissioner of State tax (All) / Superintendent of State tax (All) / Inspector of State tax (All).
- 7) The Information Technology Officer, Office of the Commissioner of State tax, Assam for uploading it on the website of the Commissionerate for information of all concerned.

  
Commissioner of State tax, Assam,  
Dispur, Guwahati