

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

CIRCULAR NO. 15/2018-GST

Dated Dispur the 20th August, 2018.

Sub : Classification of fertilizers supplied for use in the manufacture of other fertilizers at 5% GST rate- reg.

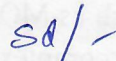
No. CT/GST-15/2017/168.— References have been received regarding a clarification as to whether simple fertilizers, such as MOP (Murate of Potash) classified under Chapter 31, and supplied for use in manufacturing of a complex fertilizer, are entitled to the concessional GST rate of 5%, as applicable in general to fertilizers (i.e. fertilizers which are cleared to be used as fertilizers).

- 2.1 The matter has been examined. Chapter 31 of the Customs Tariff Act, 1975 covers Fertilizers. The fertilizers are mostly used for increasing soil and land fertility, either directly, or by use in manufacturing of complex fertilizers. However, certain fertilizers and similar goods falling under this Chapter may be used for individual purposes like use of molten urea for manufacture of melamine and urea used in manufacturing of urea-formaldehyde resins or organic synthesis.
- 2.2 In the pre-GST regime, the concessional duty rate was prescribed for fertilizers falling under Chapter 31 of the Tariff (notification No. 12/2012-Central Excise). This concessional rate was applied to goods falling under Chapter 31 which are clearly to be used directly as fertilizers or in the manufacture of other fertilizers, whether directly or through the stage of an intermediate product.
3. In the GST regime, tax structure on fertilizers has been prescribed on the lines of pre-GST tax incidence. The wording of the GST notification is similar to the central excise notification except certain changes to meet the requirements of GST. These changes were necessitated as GST is applicable on the supply of goods while central excise duty was applicable on manufacture of goods. Accordingly, fertilizers falling under heading 3102, 3103, 3104 and 3105, other than those which are clearly not to be used as fertilizers, attract 5% GST [S. No. 182A to 182D of the First schedule to the notification No. 1/2017- (Rate) [FTX.56/2017/14 dated 29.06.2017]. However, the fertilizers items falling under the above mentioned headings, which are *clearly not to be used as fertilizer* attract 18% GST [Sl. No. 42 to 45 of the III schedule to the notification No. 1/2017- (Rate) [FTX.56/2017/14 dated 29.06.2017]. The intention has been to provide concessional rate of GST to the fertilizers which are used directly as fertilizers or which are used in the manufacturing of complex fertilizers which are further used as soil or crop fertilizers. The phrase “*other than clearly to be used as fertilizers*” would not cover such fertilizers that are used for making complex fertilizers for use as soil or crop fertilizers.

4. Thus, it is clarified that the fertilizers supplied for direct use as fertilizers, or supplied for use in the manufacturing of other complex fertilizers for agricultural use (soil or crop fertilizers), will attract 5% IGST.

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.

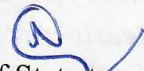

(Anurag Goel, IAS.,)
Commissioner of State tax, Assam,
Dispur, Guwahati

Memo No. CT/GST-15/2017/168-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