

**GOVERNMENT OF WEST BENGAL
DIRECTORATE OF COMMERCIAL TAXES
14, BELIAGHATA ROAD, KOLKATA-700015**

**TRADE CIRCULAR No. 13/2018
DATED: 13.08.2018**

Subject: Classification of imported fertilizers used in the manufacture of other fertilizers at 5% GST rate.

References have been received regarding a clarification as to whether simple fertilizers, such as MOP (Muriate of Potash) classified under Chapter 31, imported for the purpose of manufacturing of a complex fertilizer, are entitled to the concessional GST rate of 5% as applicable in general to the fertilizers (i.e. fertilizers which are cleared to be used as fertilizers).

2.1 The matter has been examined. Chapter 31 of the Customs Tarff 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. Thus, changes were necessitated as GST applies 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. 1125-F.T. dated 28.06.2017].

However, the fertilizers items falling under heading which are already not to be used as fertilizer attract 18% GST [S. No. 42 to 45 of the III schedule to the notification No. 1125-F.T.]. 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% GST.

Sd/-
(Smaraki Mahapatra)
Commissioner,
State Tax, West Bengal

Memo. No. 343CT/PRO
3C/PRO/2018

Date: 13.08.2018

Copy forwarded to the Additional Commissioner, ISD for information and for uploading it on the official as well as internal website of the Directorate for information of all concerned.

Sd/-
(Adesh Kumar)
Special CST & PRO