



भारत सरकार / Government of India

वित्त मंत्रालय / Ministry of Finance

सी जी एस टी एवं सेंट्रल एक्साइज आयुक्तालय: सूरत

CGST & CENTRAL EXCISE COMMISSIONERATE : SURAT
CENTRAL EXCISE BUILDING, CHOWK BAZAR, SURAT-395001
(GUJARAT)



F. No. VII/05/2017


Date: 15.11.2017

TRADE NOTICE: 11/2017

Sub: Clarification regarding applicability of GST on the Superior Kerosene Oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB)–Reg.

1. Attention of the Trade is invited to Board's Circular No. 12/12/2017-GST dated 26.10.2017 issued from F. No. 354/117/2017-TRU(Pt-III) wherein Clarification has been issued regarding applicability of GST on the Superior Kerosene Oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB). The operative portion of the Circular is produced as under:-
2. *"Briefly stated, references have been received related to applicability of GST on the superior kerosene oil [SKO] retained for the manufacture of Linear Alkyl Benzene [LAB].*
3. *In this context, LAB manufacturers have stated that they receive superior Kerosene oil (SKO) from, a refinery, say, Indian Oil Corporation (IOC). They extract n-Paraffin (C9-C13 hydrocarbons) from SKO and return back the remaining of SKO to the refinery. In this context, the issue has arisen as to whether in this transaction GST would be levied on SKO sent by IOC for extracting n-paraffin or only on the n-paraffin quantity extracted by the LAB manufactures. Further, doubt have also been raised as to whether the return of remaining Kerosene by LAB manufactures would separately attract GST in such transaction.*
4. *The matter was examined. LAB manufacturers generally receive superior kerosene oil [SKO] from a refinery through a dedicated pipeline; on an average about 15 to 17% of the total quantity of SKO received from refinery is retained and balance quantity ranging from 83%- 85% is returned back to refinery. The retained SKO is towards extraction of Normal Paraffin, which is used in the manufacturing of LAB. In this transaction consideration is paid by LAB manufactures only on the quantity of retained SKO (n-paraffin).*

5. *In this context, the GST Council in its 22nd meeting held on 06.10.2017 discussed the issue and recommended for issuance of a clarification that in this transaction GST will be payable by the refinery on the value of net quantity of superior kerosene oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB).*
6. *Accordingly, it is here by clarified that, in aforesaid case, GST will be payable by the refinery only on the net quantity of superior kerosene oil (SKO) retained for the manufacture of Linear Alkyl Benzene (LAB). Though, refinery would be liable to pay GST on such returned quantity of SKO, when the same is supplied by it to any other person."*
7. *This clarification is issued in the context of Goods & Service Tax (GST) law only and past issues, if any, will be dealt in accordance with the law prevailing at the material time*
8. All the trade Associations, Chambers of Commerce and Members of Regional Advisory Committee are requested to publicize the contents of this Trade Notice among their Members/Constituents. Difficulties, if any faced in this regards may be brought to the notice of this office.



(Prashant Kaduskar) 15/11/2017

Additional Commissioner

Copy to:-

1. Trade Associations & Chambers of Commerce as per Mailing List.
2. The Additional Commissioner (CCO) CGST & Central Excise Zone, Vadodara.
3. All DCs/ACs in Divisions/ HQ, CGST & Central Excise Commissionerate, Surat.
4. The Assistant Commissioner (System) CGST & Central Excise Commissionerate, Surat with a request to scan and upload the Trade notice on Surat Commissionerate's website.
5. Notice Board