 सत्यमेव जयते	 RAJASTHAN AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX, KAR BHAWAN, AMBEDKAR CIRCLE, NEAR RAJASTHAN HIGHCOURT JAIPUR – 302005 (RAJASTHAN)	 राजस्थान कर बाजार
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ADVANCE RULING NO. RAJ/AAR/2024-25/17

Mahipal Singh Additional Commissioner	:	Member (Central Tax)
Mahesh Kumar Gowla Additional Commissioner	:	Member (State Tax)
Name and address of the applicant	:	M/s BALVEER SINGH, Shop No B/NS/24, 327, Maruka ki Pol, Khakharki,, NAGUAR-341510, RAJASTHAN
GSTIN of the applicant	:	Un-registered
Clause(s) of Section 97(2) of CGST/SGST Act, 2017, under which the question(s) raised	:	(a)classification of goods and/or services or both (e) determination of the liability to pay tax on any goods or services or both
Date of Personal Hearing	:	09.04.2024 & 28.05.2024
Present for the applicant	:	Mr. Yash Dhadda C.A.& Ms. Shuchi Sethi C.A.
Date of Ruling	:	20.09.2024

Note 1: Under Section 100 of the CGST/SGST Act, 2017, an appeal against this ruling lies before the Appellate Authority for Advance Ruling, constituted under Section 99 of CGST/SGST Act, 2017, within a period of 30 days from the date of service of this order.

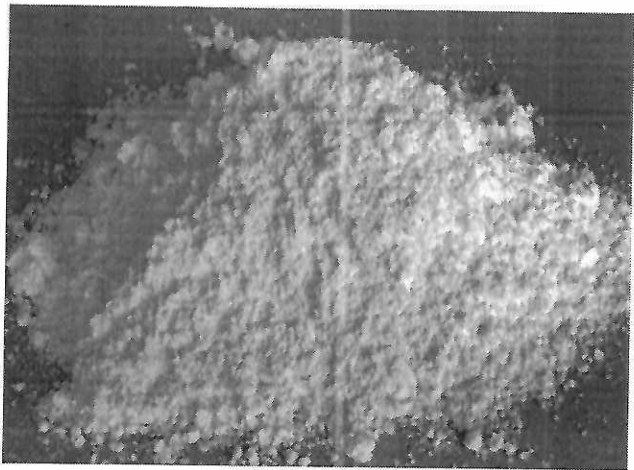
Note 2: At the outset, we would like to make it clear that the provisions of both the CGST Act and the SGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the SGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, a reference to such a similar provision under the CGST Act / SGST Act would be mentioned as being under the "GST Act".

The issue raised by M/s BALVEER SINGH, Shop No B/NS/24, 327, Maruka ki Pol, Khakharki,, NAGUAR-341510, RAJASTHAN(hereinafter "*the applicant*") is fit to pronounce advance ruling as they have deposited prescribed Fee under CGST Act and it falls under the ambit of the Section 97(2)(a) given as under:

- (a) classification of goods and/or services or both
- (e) determination of the liability to pay tax on any goods or services or both

A. SUBMISSION OF THE APPLICANT(in brief):-

- That M/s Balveer Singh, situated at 327, Maruka Ki Pol, Khakharki, Nagaur, Rajasthan 341510(hereinafter referred to as "**applicant**") is presently an unregistered person intending to start the business of manufacture and sale of hydrated lime (also known as slaked lime).
- That a picture of the proposed slaked / hydrated lime is produced for your reference below:



- 3. That the slaked / hydrated lime is used as raw material in various industries including but not limited to steel industry, paper industry, chemical industry, leather industry, sugar industry, dairy industry, water treatment, road construction, etc.
- 4. That the process of manufacturing of proposed slaked / hydrated lime is as under:
 - a. **Purchase:** Quick Lime Lumps i.e. Calcium Oxide, having CaO content upto 85% will be purchased from local suppliers.
 - b. **Crushing:** The Quick Lime lumps will be unloaded from truck for crushing in the Hammer Mill. Crushed material will then go to the Hydrator Machine.
 - c. **Hydration:** In the Hydrator Machine, water will be mixed in the crushed quick lime and will be strongly mix till the completion of reaction.
 - d. **Separation:** After the completion of Hydration process, the material will pass through the Separator machine which will separates the finished material into different grades of Slaked/Hydrated Lime ranging from purity of 50% to 96% and will be transferred to Storage Silo.
 - e. **Packing:** Slaked/Hydrated Lime will then be packed in Jumbo/Small bags for making it ready to dispatch.
 - f. **Final Loading:** Bags will then be loaded into Trucks for final delivery to the customers.
- 5. That the necessary infrastructure for manufacturing above product shall be procured and developed by the applicant in due course. The Hydrated Lime/Slaked Lime proposed to be manufactured by the applicant shall consist of calcium hydroxide less than 96% (ranging from 60% to 96% maximum), which contains atleast4% impurities such as clay, iron oxide, manganese oxide etc.
- 6. That the laboratory reports of the analysis of the chemical composition of the sample of slaked / hydrated lime to be manufactured by the applicant done at2 laboratories with 3 samples which substantiates the same are enclosed and marked as **Annexure-1**.
- 7. That the rate of GST applicable on the supply of said goods has been given in the rate notification no. 1/2017-CT (Rate) dt. 20.06.2017. For hydrated lime/slaked lime, rate of GST has been provided in Sr.No.131 of Schedule-I of the said notification. The same reads as under:

SCHEDULE I - 2.5%

Sl. No.	Chapter/Heading/Sub-heading/Tariff item	Description of Goods
131.	2522	Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading 2825

- 8. The hydrated lime/ slaked lime is specifically covered in the description of goods provided against Sr. No. 131 for HSN 2522 whereas Sr. No. 39 of Schedule-III of the rate notification gives a general description for all inorganic chemicals falling under Chapter 28. The same reads as under:

SCHEDULE III - 9%		
S. No.	Chapter/Heading/Sub-heading/Tariff item	Description of Goods
39.	28	All inorganic chemicals [other than those specified in the Schedule for exempted goods or other Rate Schedules for goods ²⁸ [including Fertilizer grade Phosphoric acid]]

9. That this Advance Ruling is sought from the Authority for Advance Ruling in respect of the following question
- a. What should be the classification and HSN Code for supply of slaked / hydrated lime manufactured by the applicant containing less than 98% of the Calcium Oxide and Calcium Hydroxide?
 - b. What shall be the rate of tax on the said product?

B. INTERPRETATION AND UNDERSTANDING OF APPLICANT ON QUESTION RAISED (IN BRIEF)

On Classification

1. That the charging section for GST i.e. Section 9 of the Central Goods and Services Tax Act 2017 provides that there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and **at such rates**, not exceeding twenty per cent., **as may be notified** by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person. To notify the rates of supply of goods, Notification No. 01/2017 - Central Tax (Rate) dated 28.06.2017 has been issued by Central Government and respective notifications have been issued under SGST and IGST Acts. The Notification has 6 Schedules for tax rates as 5%, 12%, 18%, 28%, 3%, 0.25%.
2. That it is imperative for the purpose of interpretation of this GST notification to refer the Explanation thereto which states as under:
“Tariff item”, “sub-heading”, “heading” and “Chapter” shall mean respectively a tariff item, sub-heading, heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975.
The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.
3. That therefore, while the Rate Notification under GST provides the rate of tax on goods, in order to interpret this Rate Notification for purposes of classification of any goods under GST, the same has to be read along with the First Schedule (including the Section and Chapter Notes and General Explanatory Notes) of the Customs Tariff Act, 1975 (“Tariff”).
4. That on bare reading of the S. No. 131 of Schedule I of the rate notification no. 1/2017-Centra Tax (Rate), it is clear that it specifically provides for the rate of tax on the hydrated lime/slaked lime and S.No 39 of Schedule III provides for the general description of all inorganic chemicals falling under chapter 28.
5. That the rate of GST applicable on the supply of said goods as provided in S.No.131 of Schedule-I of the said notification is as under:

SCHEDULE I - 2.5%

Sl. No.	Chapter/Heading/Sub-heading/Tariff item	Description of Goods
131.	2522	Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading 2825

6. The hydrated lime/ slaked lime is specifically covered in the description of goods provided in the above entry whereas Sr. No. 39 of Schedule-III gives a general description for all inorganic chemicals falling under Chapter 28. The same reads as under:

SCHEDULE III - 9%

S. No.	Chapter/Heading/Sub-heading/Tariff item	Description of Goods
39.	28	All inorganic chemicals [other than those specified in the Schedule for exempted goods or other Rate Schedules for goods 28[including Fertilizer grade Phosphoric acid]]

7. That it is understood that specific description shall always prevail over the general description when it comes to classification of goods. However, the guiding principles determining the classification of a product under the GST regime can be broadly bifurcated as under:
- a. Classification under the Customs Tariff Act, 1975 ("Customs Tariff Act") along with relevant Chapter Notes pertaining to Chapters 25 and 28;
 - b. General Rules for Interpretation of the First Schedule to the Customs Tariff Act (hereinafter referred to as the "General Rules for Interpretation");
 - c. HSN Explanatory Notes released by the World Customs Organization
8. In this regard, it is pertinent to understand the classification of such goods under the Customs Tariff Act 1975. The screenshot of the relevant extract is produced below:

Chapter 25

2522	QUICKLIME, SLAKED LIME AND HYDRAULIC LIME, OTHER THAN CALCIUM OXIDE AND HYDROXIDE OF HEADING 2825				
2522 10 00	- Quicklime	kg.	5%	-	
2522 20 00	- Slaked lime	kg.	5%	-	
2522 30 00	- Hydraulic lime	kg.	5%	-	

Chapter 28

2825	Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides				
2825 90 40	--- Calcium hydroxide	kg.	7.5%	-	

9. That the General Rules for the interpretation of Customs Tariff provides guidelines for the classification of goods. That Rule 1 is read as under:

Rule 1

The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions [that is, GIRs 2 to 6]

10. That further, Rule 3(a) says that ***"The heading which provides the most specific description shall be preferred to headings providing a more general description"***. Therefore, heading which provides specific description shall always prevail over the heading which provide general description.
11. That the product under question would be covered under Chapter 2522 as per rule 3(a) of General Rules for Interpretation of Customs Tariff as produced above. That heading 25 22 specifically covers Quicklime. On the contrary, heading 28 25 specifically excludes Quicklime.
12. That in this regard, the applicant places its reliance on the following judicial precedents:
 - a. **Sanwar Agarwal v. Commissioner of Customs [2016 (336) E.L.T. 42 (Cal.)]** - it was inter alia held that *"just as a special law in a particular field would prevail over a general law that may be operational in that field, a heading with a more specific description would prevail over a heading with a more general description"*.
 - b. **Atul Glass Industries Ltd. v. Collector of Central Excise [1986 (25) E.L.T. 473 (S.C.)]** - It was inter alia held that *in case of specific entry and a general entry, the special must exclude general and therefore, specific would prevail over general*.
 - c. **Superintendent of C.E. and Others v. Vac Met Corpn. Pvt. Ltd. [1985 (22) E.L.T. 330 (S.C.)]** - it was inter alia held that *"When an article falls within a specific entry such goods must necessarily be excluded from the general entry"*
13. That in given case, the heading i.e. 2522 is clear and more specific and hence should be given over the necessary preference.
14. That further, reference is also made to the HSN explanatory notes provided by the World Customs Organization. The Explanatory Notes as approved by the WCO Council, constitute the official interpretation of the Harmonized System at the international level and are an indispensable complement to the System. HSN explanatory notes are a good guide for determining as to how a particular HSN heading is understood in trade and commerce parlance across world.
15. That the HSN Explanatory Notes, while not legally binding, they do represent the considered views of classification experts of the Harmonized System Committee. It is well settled that the explanatory notes have persuasive value and in the event of disputes, the Indian Courts have upheld seeking recourse to the explanatory notes while determining classification of products.
16. Reliance in this regard is placed on the following judicial precedents:
 - a. Hon'ble Supreme Court in **L.M.L. Limited v. Commissioner of Customs, reported at, [2010 (258) E.L.T. 321 (S.C.)]**, in which it was held that *in order to resolve a dispute on tariff classification, internationally accepted nomenclature emerging from HSN explanatory notes, is a safe guide for classification*.
 - b. The Hon'ble Tribunal in Mumbai the case of **Nestle India Ltd. v. Commissioner of Central Excise, reported at, [2008 (227) E.L.T. 631 (Tri. - Mum.)]** following the ratio laid down by the Supreme Court held as under:

*“25. Moreover, it is now well settled by various decisions of the Hon’ble Apex Court that HSN Explanatory notes are not only of persuasive value, but are entitled to far greater consideration in classifying goods under the Central Excise and the Customs Tariff as held by the Hon’ble Supreme Court in the case of **Collector of Customs, Bombay v. Business Forms Ltd. - 2002 (142) E.L.T. 18 (S.C.)** following its earlier decision in the case of **CCE, Shillong v. Wood Croft Products Ltd. - 1995 (77) E.L.T. 23 (S.C.)**.”*

..... Emphasis Supplied

- c. The Tribunal decision in Nestle India Ltd. (supra) was also approved by the Supreme Court, [2009 (237) E.L.T. A102 (S.C.)].

17. Thus, on the basis of the above referred decisions it can be said the HSN explanatory notes are important guide with respect to classification and are relied upon by the Courts while determining the classification. In view of the above discussion and judicial precedents, it is clear that while interpreting a heading/sub-heading reliance can be placed on the HSN Explanatory Notes.

18. Thus, HSN explanatory notes for chapter 25.22 and 28.25 are as under:

25.22 - Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide of heading 28.25.

2522.10 - Quicklime

2522.20 - Slaked lime

2522.30 - Hydraulic lime

Quicklime (an impure calcium oxide) is obtained by calcining limestone containing very little or no clay. It combines very rapidly with water, giving off considerable heat and producing slaked lime (calcium hydroxide). **Slaked lime** is usually employed for soil improvement or in the sugar industry.

Hydraulic lime is obtained by low temperature calcination of limestone containing sufficient clay (although usually less than 20 %) to ensure that the product sets under water. Hydraulic lime differs from natural cement in that it still contains appreciable amounts of uncombined quicklime, which may be slaked with water.

The heading excludes purified calcium oxide and calcium hydroxide (heading 28.25).

28.25 - Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides.

2825.10 - Hydrazine and hydroxylamine and their inorganic salts

2825.20 - Lithium oxide and hydroxide

2825.30 - Vanadium oxides and hydroxides

2825.40 - Nickel oxides and hydroxides

2825.50 - Copper oxides and hydroxides

2825.60 - Germanium oxides and zirconium dioxide

2825.70 - Molybdenum oxides and hydroxides

2825.80 - Antimony oxides

2825.90 - Other

This heading covers :

(A) **Hydrazine and hydroxylamine and their inorganic salts.**

(B) **The metal oxides, hydroxides and peroxides of this Chapter not included in preceding headings.**

- (11) **Calcium oxide, hydroxide and peroxide.** This heading covers only the oxide (CaO) and the hydroxide (Ca(OH)₂), in the pure state (i.e., containing practically no clay, iron oxide, manganese oxide, etc.), such as the product obtained by calcining precipitated calcium carbonate.

The heading also covers fused lime obtained by fusing ordinary quicklime in an electric furnace. This product has a high degree of purity (approximately 98 % calcium oxide); it is crystalline and generally colourless. It is used, in particular, for refractory linings for furnaces, in the manufacture of crucibles and for addition to concrete, in small pieces, to increase its resistance to wear.

Calcium peroxide (CaO₂) is a white or yellowish powder, hydrated (usually with 8 H₂O), sparingly soluble in water. Used as a bactericide and as a detergent, in medicine and in the preparation of cosmetics.

Quicklime (calcium oxide) and slaked lime (calcium hydroxide) are **excluded** (heading 25.22).

19. That clearly from the perusal of the above, it is amply clear that as per the HSN explanatory notes, heading 2825 covers only the calcium oxide and calcium hydroxide in the pure state i.e. containing practically no clay, iron oxide, manganese oxide, etc and fused lime obtained by fusing ordinary quicklime in an electronic furnace having a high degree of purity containing at least 98% of calcium oxide. That quick lime and slaked lime are also excluded in this heading.
20. That in other words, if the composition of slaked / hydrated lime does not contain 98% of calcium oxide, it cannot be said to be having high degree of purity and accordingly shall not fall under chapter 28 as per the HSN explanatory notes. Furthermore, quicklime and slaked lime are specifically excluded from this chapter.
21. That based on the laboratory analysis report of 2 samples in 2 different labs already enclosed and marked as Annexure – 1, above clearly, it is amply clear that calcium oxide composition in the said goods is less than 98%. The test reports do clearly indicate that the product consists of magnesium dioxide, silicon dioxide, clay etc. The Ca(OH)₂ contained is less than 98% in all cases. Therefore, the said goods are not fit for classification under chapter 28 in accordance with the guidelines provided by the explanatory notes.
22. That therefore considering the general interpretation rules, explanatory notes to HSN provided by the World Customs Organization as well as the laboratory analysis report produced above, it is concluded that:
 - a. Chapter No. 25 provides for the more specific entry in the present case than the chapter 28 as produced supra;
 - b. Explanatory notes to Chapter 28.25 specifically excludes quicklime and slaked lime;
 - c. The goods in question does not contain 98% of the calcium oxide as well as calcium hydroxide and therefore are not fit for classification under chapter 28.25.
23. That in the case of **COMMISSIONER OF C. EX., HYDERABAD-III vs. BHADRADRI MINERALS PVT. LTD., reported in 2015 (324) E.L.T. 395 (Tri. - Bang.)**, it was held that *Burnt lime - Classification - Whether classifiable as Calcium Oxide under sub-heading 2505.00 of Central Excise Tariff exempt from payment of duty or under Heading 28.25 ibid chargeable to duty - HELD : Chapter Note 2 of Chapter 25 ibid detailing processes covered by it preceded by words 'except where context otherwise requires' - On this basis C.B.E. & C. Circular No. 112/6/91-CX.3, dated 10-7-1991 clarified that burnt lime merits classification under sub-heading 2505.60 ibid notwithstanding the fact that burnt lime obtained by process of calcinations and not through grinding, sifting, etc. - HSN Explanatory Note under Heading 28.25 ibid excludes Calcium Oxide with purity less than 98% whereas purity of burnt lime is 70 to 75% and therefore not covered by Heading 28.25 ibid - Burnt lime correctly held classifiable under Heading 25.05 ibid -*

Impugned order upheld - Section 35B of Central Excise Act, 1944. [paras 5.2, 5.3, 5.4, 5.6, 5.8, 6].

The copy of the said judgement is enclosed and marked as **Annexure-2**.

24. Similar issue regarding classification of quick lime having purity range of 92% to 97% has already been settled in the judgment of **M/s Jindal Stainless (Hisar) Ltd V/s The Commissioner of Customs by Hon' Delhi Tribunal in Custom Appeal No. 51224 of 2019**. The Hon' Tribunal held that quick lime with purity range of 92% to 97% is classifiable under Chapter 25 (as purity is less than 98%) and will attract 5% tax rate. The copy of the said judgement is enclosed and marked as **Annexure-3**.
25. That further, the applicant would like to bring to your notice the clarification issued by the Rajasthan State Tax department and Office of the Assistant Commissioner, Division-C, Jodhpur CGST in this regard which shall put an end to this debate. The All India Lime Manufacturers Association (AILMA) which is apex body for lime manufacturers and suppliers in India having registration number 63735 and CIN U91900RJ2019NPL063735 located at Jodhpur sought clarification from Honorable Commissioner (GST) of both center (CGST) and Rajasthan state (SGST) in which the department vide clarification letter dated 06.03.2020 & 16.02.2022 has clarified that Hydrated lime/Slaked Lime and Quick Lime with purity less than 98% falls under HSN heading 2522, which is enclosed as **Annexure-4 & Annexure-5** respectively.
26. The relevant Para of said clarification letter is reproduced below for your ready reference:

Clarification letter by Assistant Commissioner CGST dated 06.03.2020:

"In GST, the tariff has been aligned with the HSN, which clearly lays down that Quick Lime & Hydrated Lime having purity of more than 98% are classifiable under chapter 28 of GST Tariff. Thus, Quick Lime (containing less than 98% Calcium Oxide) and Slaked Lime (containing less than 98% Calcium Hydroxide) fall under 2522."

Clarification letter by Special Commissioner (GST) dated 16/02/2022:

"Under GST, the Central Excise Tariff has been aligned with HSN which lays down that quick lime and hydrated lime having purity greater than 98% is classifiable under chapter 28 of GST Tariff whereas quick lime containing less than 98% calcium oxide and slaked lime containing less than 98% calcium hydroxide fall under heading 2522.

Therefore, in order to remove ambiguity in the matter it is hereby clarified that quick lime and slaked/ hydrated lime having purity less than 98% would fall under heading 2522 and resultantly taxable @ 5%."

APPLICANT'S UNDERSTANDING

27. Therefore, in view of the above submissions the applicant is of the understanding that the goods in question fall under the HSN 2522 and accordingly the rate of tax applicable on the same in accordance with rate notification no. 1/2017-CentralTax (Rate) shall be 5%.

C. QUESTIONS ON WHICH THE ADVANCE RULING IS SOUGHT:

Q.1 What should be the classification and HSN Code for supply of slaked / hydrated lime manufactured by the applicant containing less than 98% of the Calcium Oxide and Calcium Hydroxide?

Q2. What shall be the rate of tax on the said product?

D. PERSONAL HEARING

In the matter, personal hearing was granted to the applicant on 09.04.2024 & 28.05.2024. Mr. Yash Dhadda C.A. and Suchi Sethi C.A. Authorized Representative appeared for personal hearing. They reiterated the submission already made by them and also made additional submission on 28.05.2024.

E. COMMENTS OF THE JURISDICTIONAL OFFICER:-

Applicant is unregistered with the department so no comments have been sought from field formations.

F. FINDINGS, ANALYSIS & CONCLUSION:

1) We have carefully examined the statement of facts, supporting documents filed by the Applicant along with application, oral and written submissions made at the time of hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

2) The applicant has relied upon the case of **COMMISSIONER OF C. EX., HYDERABAD-III vs. BHADRADRI MINERALS PVT. LTD., reported in 2015 (324) E.L.T. 395 (Tri. - Bang.)**, wherein it was held that *HSN Explanatory Note under Heading 28.25 ibid excludes Calcium Oxide with purity less than 98% whereas purity of burnt lime is 70 to 75% and therefore not covered by Heading 28.25 ibid - Burnt lime correctly held classifiable under Heading 25.05 ibid* - . And similarly the applicant relied upon the case of **M/s Jindal Stainless (Hisar) Ltd V/s The Commissioner of Customs by Hon' Delhi Tribunal in Custom Appeal No. 51224 of 2019**. The Hon' Tribunal held that quick lime with purity range of 92% to 97% is classifiable under Chapter 25 (as purity is less than 98%) and will attract 5% tax rate.

3) The issue to be decided is the classification of slaked/hydrated lime containing less than 98% of the calcium oxide and calcium hydroxide and the applicable rate of tax under GST.

3.1) In terms of explanation (iii) and (iv) to Notification No. 1/2017-Central Tax (Rate), dated 28-6-2017, tariff heading, sub-heading, heading and chapter shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 and the Rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods. The Customs Tariff is aligned with HSN. In the above referred ruling, the discussion is based on Excise Tariff which is also aligned with HSN and therefore the observations/interpretations with respect to the Section Notes and Chapter Notes holds in the current taxation of GST.

3.2) Chapter 2522 of Customs Tariff covers Quicklime, Slacked Lime and Hydraulic Lime, Other Than Calcium Oxide and Hydroxide of Heading 2825 and CTH 2522 10 00 covers Quicklime and CTH 2522 20 00 covers slacked lime.

General Notes to HSN Explanatory Notes to Chapter 25 states:

Quicklime (an impure calcium oxide) is obtained by calcining limestone containing very little or no clay. It combines very rapidly with water, giving off considerable heat and producing slacked lime (calcium hydroxide). Slacked lime is usually employed for soil improvement or in the sugar industry.

Hydraulic lime is obtained by low temperature calcination of limestone containing sufficient clay (although usually less than 20%) to ensure that the product sets under water. Hydraulic lime differs from natural cement in that it still contains appreciable amounts of uncombined quicklime, which may be slacked with water.

The heading excludes purified calcium oxide and calcium hydroxide (heading 28.25).

From the above, it is seen that Quicklime is obtained by calcination of limestone i.e. calcium carbonate giving calcium oxide and carbon dioxide and when it is further combined with water, it produces slacked lime which is calcium hydroxide. Quicklime is used for building purposes such as white washing, whereas slacked lime is used in soil improvement and in plasters. However, purified calcium oxide and purified calcium hydroxide is excluded from 2522.

Chapter 28 of Section VI of Customs Tariff covers Inorganic Chemicals, Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements or of Isotopes.

Chapter 2825 covers Hydrazine and Hydroxylamine and their Inorganic Salts; other Inorganic Bases; other Metal Oxides, Hydroxides and Peroxides. CTH 2825 90 40 covers Calcium Hydroxide and CTH 2825 90 90 covers others.

Note 1 to Chapter 28 states:

NOTES: 1. *except where the context otherwise requires, the headings of this Chapter apply only to: (a) separate chemical elements and separate chemically defined compounds, whether or not containing impurities; (b) the products mentioned in (a) above dissolved in water;*

HSN Explanatory Notes to Chapter Heading 2825 states:

(11) Calcium oxide, hydroxide and peroxide. This heading covers only the oxide (CaO) and the hydroxide (Ca (OH) 2), in the pure state (i.e., containing practically no clay, iron oxide, manganese oxide, etc.), such as the product obtained by calcining precipitated calcium carbonate.

The heading also covers fused lime obtained by fusing ordinary quicklime in an electric furnace. This product has a high degree of purity (approximately 98% calcium oxide); it is crystalline and generally colourless. It is used, in particular, for refractory linings for furnaces, in the manufacture of crucibles and for addition to concrete, in small pieces, to increase its resistance to wear.

Calcium peroxide (CaO₂) is a white or yellowish powder, hydrated (usually with 8 H₂O), sparingly soluble in water. Used as a bactericide and as a detergent, in medicine and in the preparation of cosmetics.

Quicklime (calcium oxide) and slacked lime (calcium hydroxide) are excluded (heading 25.22).

In view of the above, it is evident that chapter 2825 covers only Calcium oxide, hydroxide in the pure state (i.e., containing practically no clay, iron oxide, manganese oxide, etc.) approximately 98% calcium oxide.

3.3) The applicant has submitted following laboratory analysis report of the product regarding percentage of Calcium Hydroxide present in it:

- (a) In the case of Central Laboratory of Rajasthan State Mines & minerals Limited report dated 21.11.23, the percentage of Ca(OH)_2 , SiO_2 , MgO has been found to be 86.92%, 0.32%, and 1.81% respectively;
- (b) In the case of lab report dated 18.11.2023 of M/s Balaji laboratory the percentage of Ca(OH)_2 , SiO_2 and MgO has been found to be 91.52%, 0.567% and 0.789% respectively;
- (c) In the case of lab report dated 29.04.2024 of Central laboratory of Rajasthan State Mines & minerals Limited also shows that Ca(OH)_2 is 86% besides availability of SiO_2 and MgO .

Thus, the laboratory analysis reports furnished by the applicant reveals that the calcium hydroxide/oxide composition in the said goods are less than 98% and impurities are also available in such goods.

3.4) Applying the above, to the case at hand, we find that the goods to be supplied is slaked lime and hydrated lime of purity less than approximately 98% merit classifiable under CTH 2522 20 00.

4) We hold that slaked/hydrated lime manufactured by the applicant containing less than approximately 98% of the calcium oxide and calcium hydroxide, are classifiable under CTH 2522 20 00 taxable at 2.5% CGST and 2.5% SGST as per entry Sl. No. 131 of Schedule I of Notification No. 1/2017-C.T. (Rate), dated 28-6-2017 as amended.

5) In view of the above discussion, we rule as under:-

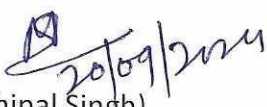
RULING

Q.1 What should be the classification and HSN Code for supply of slaked lime manufactured by the applicant containing less than 98% of the Calcium Oxide and Calcium Hydroxide?

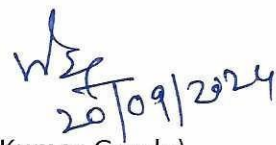
Ans-1 The classification and HSN for supply of slaked lime manufactured by the applicant containing less than approximately 98% of the calcium oxide/hydroxide is classifiable under CTH 2522 20 00.

Q2. What shall be the rate of tax on the said product?

Ans-2 The rate of tax of the subject goods is at 2.5% CGST and 2.5% SGST as per entry Sl. No. 131 of Schedule I of Notification No. 1/2017-C.T. (Rate), dated 28-6-2017 as amended.


(Mahipal Singh)
MEMBER
CENTRAL TAX




(Mahesh Kumar Gowla)
MEMBER
STATE TAX

F. No. AAR/SF/2024-25/146-150
SPEED POST

o/c

Date: 23.09.2024

To,
M/s BALVEER SINGH
327, Maruka ki Pol, Khakharki,
NAGUAR-341510, RAJASTHAN

Copy to: -

1. The Chief Commissioner, CGST and Central Excise (Jaipur Zone), NCRB, Statue Circle, Jaipur, Rajasthan-302005
2. The Chief Commissioner, State Tax, Kar Bhawan, Bhawani Singh Road, Ambedkar Circle, C-Scheme, Jaipur-302005.
3. The Commissioner, CGST and Central Excise Commissionerate, Jodphur, Rajasthan.
4. The Deputy Commissioner, State Tax, Ajmer, Divisional Kar Bhawan Ajmer, Rajasthan.