

GUJARAT APPELLATE AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
D/5, RAJYA KAR BHAVAN, ASHRAM ROAD,
AHMEDABAD – 380 009.



ADVANCE RULING (APPEAL) NO. GUJ/GAAAR/APPEAL/2025/08
(IN APPLICATION NO. Advance Ruling/SGST&CGST/2023/AR/04)

Date: 24.2.2025

Name and address of the appellant	:	M/s. Palsana Enviro Protection Limited, Block No. 527 & 528, Umbhel, Kakodara, Surat- 394327.
GSTIN of the appellant	:	24AACCP1370P1Z9
Jurisdiction Office	:	Center Commissionerate – Surat Division – V- Suart Range -II
Advance Ruling No. and Date	:	GUJ/GAAR/R/2022/47 dated 30.12.2022
Date of appeal	:	16.02.2023
Date of Personal Hearing	:	21.1.2025
Present for the appellant	:	Shri Mihir Gandhi.

At the outset we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 and Gujarat Goods and Services Tax Act, 2017 (hereinafter referred to as the 'CGST Act, 2017' and the 'GGST Act, 2017') are *pari materia* and have the same provisions in like matter and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act, 2017 would also mean reference to the corresponding similar provisions in the GGST Act, 2017.

2. The present appeal is filed under Section 100 of the CGST Act, 2017 and the GGST Act, 2017 by M/s. Palsana Enviro Protection Limited, (hereinafter referred to as 'appellant') against the Advance Ruling No. GUJ/GAAR/R/2022/47 dated 30.12.2022.



3. Briefly, the facts are that the appellant who has been promoted by a cluster of textile processing industries has set up a **CETP**¹. In the said CETP, the appellant recycles & thereafter supplies treated water to its member units for use in their activities. This treated water can be used in non-portable activity. Though the CETP treated water is made free from various impurities, however, even after carrying out the said physical and biological processes the said water is not *pure water* & cannot be termed as *purified water*.

4. The appellant has further stated that the water containing anything apart from hydrogen and oxygen, cannot be construed as pure water and that the CETP treated water is supplied to industries through pipelines. The appellant further claims that their activity falls within the ambit of Sr. No. 99 of notification No. 2/2017-CT (R), as amended vide notification No. 7/2022-CT (Rate) dtd 13.7.2022, as the water obtained from CETP is not 'purified water'. To substantiate this claim they have also relied on circulars No. 52/26/2018 dated 9.8.2018 & 179/11/2022-GST dated 3.8.2022.

5. In view of the foregoing facts, the appellant had sought Advance Ruling on the following questions, viz:

1. *Whether 'Treated Water' obtained from CETP (classifiable under Chapter 2201) will be eligible for exemption from GST by virtue of Sl. No. 99 of the Exemption Notification No. 02/2017- Integrated Tax (Rate), dated 28-6-2017 (as amended) as 'Water (other than aerated, mineral, purified, distilled, medical, ionic, battery, demineralized and water sold in sealed container)'? or*

2. *Whether 'Treated Water' obtained from CETP (classifiable under Chapter 2201) is taxable at 18 per cent by virtue of Sl. No.24 of Schedule - III of notification No. 01/2017- Integrated Tax (Rate), dated 28-6-2017 (as amended) as 'Waters, including natural or artificial mineral waters, and aerated waters, not containing added sugar or other sweetening matter nor flavoured (other than Drinking water packed in 20 liters bottles)'*

6. Consequent to hearing, the GAAR², recorded the following findings viz

- that 'water' is eligible for exemption from GST while other type of water, i.e. *aerated, mineral, distilled, medicinal, ionic, battery, de-mineralized* and water sold in sealed container are outside the ambit of entry no. 99 and is liable to GST;

¹ Common Effluent Treatment Plant

² Gujarat Authority for Advance Ruling

- that the intention of the Legislature is to exempt the water which is usually consumed/drink by public at large; that any type of water, sold commercially have been kept out of the purview of exemption vide entry No. 99, *ibid*;
- that the treated water obtained from CETP is not purified water & cannot be used in drinking by the public; that it is supplied to the Industry for their process;
- that water obtained from CETP has micro amount of dissolved minerals and chemical and is virtually free from all types of toxic materials; that this treated water is used in various industries viz Pharmaceuticals, chemicals and leather for their manufacturing related process; that looking to the presence of small amount of metal the said water obtained after treatment from CETP, therefore is covered under 'de-mineralized water', & is therefore not eligible for exemption under Sr. No. 99 of notification No. 12/2017-CT (Rate) dated 28-6-2017.

7. The GAAR, vide the impugned ruling dated 30.12.2022, held as follows:

1. 'Treated Water' obtained from CETP (classifiable under Chapter 2201) is **not eligible** for exemption from payment of Tax by virtue of Sl. No. 99 of the exemption notification No. 0212017- CT (Rate) dated 28-6-2017 (as amended) and Sl. No. 99 of the exemption notification No. 0212017- Integrated Tax (Rate), dated 28-6-2017 (as amended).

2. 'Treated Water' obtained from CETP (classifiable under Chapter 2201) is **taxable at 18 %** by virtue of Sl. No.24 of schedule - III of notification No.01/2017- CT (Rate) (as amended) and Sl. No. 24 of schedule - III of notification No. 01/2017- Integrated Tax (Rate), dated 28-6-2017 (as amended).

8. Being aggrieved by the impugned ruling the appellant is before us raising the following averments *viz*

- that de-mineralized water is a product available in market which has specific use;
- that the demineralized water is used in car batteries & automotive cooling systems as well as cooling towers, boilers, other systems where any minerals in the water could build up on surfaces & cause blockages & other problems;
- that demineralized water is also required in pharmaceutical and cosmetics industries;
- that treated water generated by CETP is not demineralized water; that this water is being used by dyeing mills generally for washing and other related purposes.

9. Personal hearing in the matter was held on 21.1.2025, wherein Shri Mihir Gandhi appeared on behalf of the appellant and reiterated the grounds of appeal. They also submitted an additional submission during the course of personal hearing reiterating the grounds and further relying on the following rulings *viz*

- Sirupooluvapatti CETP Ltd³;
- Angripalayam CETP Ltd⁴;
- Kariapudur CETP Ltd⁵

³ Advance Ruling no. 31/AAR/2023 dated 30.8.2023 by Tamil Nadu, AAR.

⁴ Advance Ruling no. 28/AAR/2023 dated 30.8.2023 by Tamil Nadu, AAR.

⁵ Advance Ruling no. 19/ARA of 2023 dated 19.6.2023 by Tamil Nadu, AAR.



A test report no. LAL-WT-150125027 dated 18.1.2025 from Lilaba Analytical Laboratory LLP was also enclosed with the additional submission which states that the sample did not meet the parameters of demineralized water.

10. We have carefully gone through and considered the appeal papers, written submissions filed by the appellant, submissions made at the time of personal hearing, the impugned ruling and other materials available on record.

11. Before dwelling on to the issue, we would like to reproduce relevant notification for ease of reference *viz*

Notification No.2/2017-Central Tax (Rate)

New Delhi, the 28th June, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts intra-State supplies of goods, the description of which is specified in column (3) of the Schedule appended to this notification, falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedule, from the whole of the central tax leviable thereon under section 9 of the Central Good and Services Tax Act, 2017 (12 of 2017).

Schedule

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
99.	2201	Water [other than aerated, mineral, purified, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container]

Notification No. 7/2022-Central Tax (Rate)

New Delhi, the 13th July, 2022

G.S.R. (E) - In exercise of the powers conferred by sub-section (1) of section 11 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.2/2017-Central Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 674(E), dated the 28th June, 2017, namely:-

In the said notification,

(A) in the Schedule, -

(x) against S. No. 99, in column (3), the word "purified," shall be omitted.

12. The contentions are already listed supra and is not being repeated for the sake of brevity.

13. We find that the appellant has not controverted the findings except for the averment that it is not a de-mineralized water. The appellant has also produced a laboratory certificate, which was not produced before the GAAR. We are not inclined to accept the certificate produced by the appellant because [a] the same is being produced at an appellate stage; [b] the certificate nowhere states that the laboratory is an accredited laboratory and [c] there is no mention about the manner in which the sample was drawn. It goes without saying that drawal of sample is sacrosanct, failing which the credibility of the results is questionable.

14. The appellant has relied upon three rulings to substantiate his averments. The rulings relied upon are mentioned at para 9, supra. These rulings would not help the appellant in so far as section 103 of the CGST Act, 2017, clearly states that rulings by the Authority for Advance Ruling would be binding only on the applicant who sought it, the concerned officer or the jurisdictional officer in respect of the applicant. We also further find that the Tamilnadu Authority for Advance Ruling has held that treated water obtained from CETP, is de-mineralized water and will therefore not be eligible for the benefit of the notification Nos. No. 2/2017-CT(R) dated 28.6.2017 as amended vide notification No. 7/2022-CT(R) dated 13.7.2022, in the case of M/s. Mannarai CETP P Ltd⁶. In view of the foregoing, we are not inclined to interfere with the impugned ruling dated 30.12.2022, hence, the same is upheld.

15. As far as reliance on the two circulars are concerned, we find that while circular No. 52/26/2018-GST dated, 9.8.2018, clarifies that supply of drinking water for public purposes, if it is not supplied in a sealed container, is exempt from GST, likewise, circular no. 179/11/2022-GST dated 3.8.2022 clarified that supply of treated sewage water, falling under heading 2201, is exempt under GST and that the word 'purified' is being omitted from the above-mentioned entry vide notification No. 7/2022-Central Tax (Rate), dated 13.7.2022.

⁶ Ruling No. 20/ARA/2023 dated 27.6.2024



16. In view of the above findings, we reject the appeal filed by appellant M/s. Palsana Enviro Protection Limited against the Advance Ruling No. GUJ/GAAR/R/2022/47 dated 30.12.2022, passed by the Gujarat Authority for Advance Ruling.


(Rajeev Topno)
Member (SGST)

Place: Ahmedabad
Date: 24.02.2025




(B V Siva Naga Kumari)
Member (CGST)