

Alcohol-based hand sanitisers do not contain medicinal properties: AAAR

Dismisses appeals by Ce Chem and Wipro on 18% GST

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The Appellate Authority for Advance Ruling (AAAR) in Karnataka has said that alcohol-based hand sanitiser, is at best, a substance that has disinfectant properties to prevent the spread and transmission of germs/bacteria/viruses, and does not have medicinal properties. It dismissed appeals by Wipro and Ce Chem Pharmaceutical against the ruling related to GST on the above grounds.

'Must have two qualities'

"For a product to be classified as medicament under Chapter Heading 3004, it is important that the product has either of the

two qualities – therapeutic or prophylactic. Its curative and preventive value must be substantial and the product must be manufactured primarily to control or cure a disease, and customers use it primarily for treatment, mitigation, cure or prevention of special diseases or disorder.

"We find that alcohol-based hand sanitiser does not have either therapeutic or prophylactic properties," said the AAAR in both rulings.

"Prevention of transmission of diseases causing micro-organisms is not the same as preventing the onset or progression of disease," said the AAAR.

Further, it said that the use of alcohol-based hand sanitisers

neither controls the diseases caused by virus/bacteria, nor does it develop preventive characteristics inside the human body to fight diseases. "It is merely a

product recommended for use in hand hygiene practices," it said, and upheld ruling by the Authority for Advance Ruling (AAR). It noted that Finance Ministry has notified 5 per cent GST on hand sanitisers for a period

between June 14 and September 30.

Similarity with soap

However, it disagreed with the AAR's observation on similarity between hand sanitiser and soap. Both 'hand sanitiser' and 'soap and water' are recommended methods in hand hygiene prac-



tices, and each method is effective in certain situations. Earlier, in February, the Authority for Advance Ruling (AAR) had held in two different applications filed by Wipro and Ce Chem Pharmaceutical that alcohol-based hand sanitiser will attract GST at 18 per cent.

Similarly, while disposing application by Ce Chem Pharmaceutical, it ruled 18 per cent GST for hand sanitiser such as 'isopropyl rubbing alcohol IP and chlorhexidine gluconate and isopropyl alcohol solution'.

In both the rulings, the AAR said: "We observe that people buy hand sanitisers as an alternative to soap and for disinfecting purpose."

Aggrieved by the rulings, both companies appealed in the AAAR, which was dismissed after detailed hearings.