

**ORDER OF CLARIFICATION MADE BY SHRI L.S.M. SALINS,
FINANCIAL COMMISSIONER & PRINCIPAL SECRETARY,
GOVERNMENT OF HARYANA, EXCISE AND TAXATION
DEPARTMENT UNDER SECTION 56(3) OF THE
HARYANA VALUE ADDED TAX ACT, 2003**

Querist: M/s Group Chemicals, Barwala, Panchkula.

Querist has applied for issue of clarification so as to know whether denatured salt is a substitute of common salt and whether it is covered under entry no – 15 i.e. “common salt” of schedule B appended to the Haryana Value Added Tax Act, 2003. The application has been examined in this office. Applicant has enclosed a copy of judgement of the Supreme Court in the case of M/s H.P.L Chemicals Ltd V/s Commissioner of Central Excise, Chandigarh. In that case the issue before the Court was “whether denatured salt falls within Heading Nos. 25.01 of the Central Excise Tariff”. The heading is reproduced below:-

Heading No.	Sub-Heading No.	Description of Goods	Rate of duty
25.01	2501.00	Salt (including table salt and denatured salt) and pure sodium chlorides, whether or not in aqueous solution or containing added anti – caking or free flowing agents.	Nil

The Apex Court has held ‘**denatured salt**’ as covered under Heading No. 25.01 primarily on the basis that under the said heading salt (including table salt and denatured salt) has been mentioned.

The applicant through the present application and relying upon the aforesaid decision of the Apex Court seeks a clarification “**whether common salt**” mentioned at Entry No. 15 of Schedule ‘B’ of the Haryana Value Added Tax Act, 2003 would include denatured salt or not. From reading of the judgment being relied upon by the applicant, it is clear that the denatured salt is unfit for human consumption. It is being used by manufacturers of soap as filler in the detergent and as a substitute of common salt. The chemical analysis of denatured salt has been referred to in the judgement of Apex Court. In the judgement, it has been stated that the Central Examiner of Central Revenue Control Laboratory has opined that the product (denatured salt) is to be taken as ‘Sodium Chloride’.

The term ‘salt’ is applied to substances produced by the reaction of an acid with a base, known as neutralization reaction. “Common Salt” is the

description at Sr. No. 15 of List of exempted goods given in schedule 'B' appended to Haryana Value Added Tax Act, 2003. The chemical name of 'common salt' is Sodium Chloride' i.e. NaCl. This chemical compound comprises of Sodium (NA) (39.3%) and Chloride (CL) (60.7%). The chemical analysis reproduced in the judgment of the Apex Court clearly depicts that 'denatured salt' consist of Sodium Chloride contents (53.6%) and Sodium Carbonate contents (19.6%). Since, 'denatured salt' contains Sodium Carbonate contents in addition to the Sodium Chloride; it is not fit for human consumption.

The question now arises is whether 'common salt' mentioned at Entry 15 has to be fit for human consumption for its classification as exempted goods. Since, the entry 'common salt' is a wide entry having no qualifying clause or condition or restriction, any substance, which could be classified as 'common salt' has to be exempted. There is no doubt that the 'denatured salt' itself contain Sodium Chloride contents to the extent of 53.06% alongwith Sodium Carbonate and other organic salts. Further 'denatured salt' is being used by soap manufactures as filler in detergent as a substitute of 'common salt'. For these reasons, it would be difficult to differentiate 'common salt' from 'denatured salt' for the purpose of classification of 'denatured salt' under Entry 15 of schedule 'B'. However, if the matter is reviewed from another angle i.e. 'common salt' chemically known as Sodium Chloride must contain 39.3% Sodium and 60.7% chloride and nothing else, then 'denatured salt' can well be distinguished from 'common salt'. The 'denatured salt' is not understood as 'common salt' by the person dealing and using 'common salt'. No doubt, the question posed is quite technical and we should rely on common- parlance meaning instead of resorting to the technical meaning based on chemical analysis. The judgment of the Hon'ble Supreme Court, as submitted earlier, should not create any difficulty because under the relevant Heading i.e. 25.01 salt has been specified as salt including table salt and denatured salt. The entry under the Haryana Value Added Tax Act, 2003 does not specifically include denatured salt.

In view of position explained above, it is clarified that denatured salt is not exempt under Entry 15 of Schedule 'B' appended to the Haryana Value Added Tax Act, 2003.

(L.S.M.SALINS)

Chandigarh
Dated 19.3.2007

Financial Commissioner & Principal Secretary
to Govt. Haryana, Excise & Taxation Department