

**ORDER OF CLARIFICATION MADE BY SHRI RAMENDRA JAKHU,
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 Hindustan Colas Ltd., Bhadurgarh, District Jhajjar TIN No.
06261705960,**

The querist M/s Hindustan Colas Ltd., Bhadurgarh, District Jhajjar, a joint venture of HPCL and Colas, is a dealer registered under Haryana VAT Act holding TIN No. 06261705960, and, has sought clarification as to whether Bitumen Emulsion and Modified Bitumen should be considered as Bitumen covered under entry 14 of schedule- 'C' of the Haryana VAT Act. In the statement of relevant facts having a bearing on the aforesaid question, the querist has stated that Bitumen Emulsions, at normal temperature, are liquid in nature and are an effective method of applying Bitumen in sprayed sealing and maintenance operations whereas Bitumen is semisolid and requires heating to form a liquid. Bitumen Emulsion needs no heating, and, while applying on the pavements, the water content gets evaporated off, leaving behind Bitumen on the pavements to make the adhesion of the aggregates stronger. Regarding Modified Bitumen, the querist has explained that properties of bitumen and bitumen mixtures can be improved to meet requirements of pavements with incorporation of certain additives or blend of additives. These additives are called Bitumen Modifiers and bitumen pre-mixed with these modifiers is known as 'Modified Bitumen'.

Matter has been examined. Bitumen Emulsion, as explained above, is a free flowing liquid at normal temperature. Selected additives like HCL and calcium chloride and emulsifiers like amines and Kerosene etc. are added in the Bitumen to prepare Bitumen Emulsion. Purpose of emulsifiers is to stabilize the emulsion. In Modified Bitumen modifiers like natural rubber, rubber crumb, are added and flexed at high temperature using high shear mixing. Advantages of Modified Bitumen are that the same have lower susceptibility to temperature variations, higher resistance to deformation/wear and tear, better adhesion between aggregates and binder, increase in fatigue life, resistance in reflective cracking and better age resistance properties.

Whereas Bitumen as such is derived from direct steam in the process of fractional distillation of petroleum crude, Bitumen Emulsion and Modified Bitumen are derived by processing in special plants, through special process, and, through mixing of additives, emulsifiers, and modifiers detailed above. Bitumen viz a viz Bitumen Emulsion and Modified Bitumen should not be confused with Premium Petrol viz a viz the Normal Petrol. Premium Petrol and Normal Petrol, though are petrols of different grades, the same are derived from direct steam through fractional distillation of petroleum crude.

In light of facts explained above, Bitumen Emulsion and Modified Bitumen are altogether different products derived through a special process in special plants and are not covered under entry 14 of Schedule 'C' viz Bitumen. Accordingly, Bitumen Emulsion and Modified Bitumen are unclassified goods and attract VAT at the general rate of 12.5%, under provisions of Haryana VAT Act 2003, being unclassified goods. Matter is clarified accordingly.

(RAMENDRA JAKHU)

Chandigarh Financial Commissioner & Principal Secretary
Dated: to Govt. Haryana, Excise and Taxation Department.

Issued vide Letter No., 1564-1566/ST-1 Dated 19/11/2009