

Eastern Common Effluent Treatment Company Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 30/AAR/2023 Dated: 30.08.2023

Q Questions Before the Authority

- What is the appropriate classification of the treated water that would be sold by the Applicant, after carrying out various treatment process on the effluent water purchased by them?
- What is the rate of GST applicable on the said treated water which would be sold by the Applicant?

F Facts

The applicant operates a Zero Liquid Discharge (ZLD) plant that treats effluents received from member dyeing units to recover water and other solids. They proposed to purchase raw effluent from member units, treat it, and sell the resulting treated water back to the member units for industrial reuse. The applicant sought a ruling on the classification and GST rate applicable to this treated water.

H Ruling

Classification of treated water	Heading 2201	Specifically under the description: Water (other than aerated, mineral, distilled, medicinal, ionic, battery, de-mineralized and water sold in sealed container)
Applicable GST rate	Nil	Eligible for exemption as per Notification No. 2/2017-Central Tax (Rate) as amended

The Authority ruled that the treated water is classifiable under Heading 2201 and is eligible for an exemption from GST. It concluded that the water is not demineralized or purified in a way that would exclude it from the exemption provided under the relevant notification. Consequently, the supply of this treated water attracts a Nil rate of GST.

R Reasoning

The Authority determined that the treated water is ordinary water suitable for industrial reuse and does not possess the special characteristics of demineralized or purified water. It relied on the interpretation that the water falls under the exemption provided by **Sl. No. 99 of Notification No. 2/2017-Central Tax (Rate)**. The ruling also drew an analogy from Circular No. 179/11/2022, which clarifies that treated sewage water is exempt from GST. The Authority concluded that the applicant's process is intended to comply with environmental regulations rather than to manufacture water for commercial sale.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017

Section 97(2) of the CGST Act, 2017

Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017

Notification No. 7/2022-Central Tax (Rate) dated 13.07.2022

Circular No. 179/11/2022 dated 03.08.2022

! For the Practitioner

This ruling provides clarity for common effluent treatment plants (CETPs) that the treated water they supply for industrial reuse is **exempt from GST**. It helps practitioners argue that such water does not qualify as 'purified' or 'demineralized' water subject to higher tax rates. However, it does not apply to water that has been processed to a higher standard of purity for specialized uses.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> 30_eastern_cetp.pdf

Prepared 16-10-2026.

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