M/s Akaltara Minerals, L-2, Vidya Nagar, Khemka House, Bilaspur, Chhattisgarh (GSTIN 22AARFA0901D2Z4)

Authority for Advance Ruling — Chhattisgarh

No.STC/AAR/08/2019, Raipur Dated **02.03.2020**

Q Questions Before the Authority

- Whether GST Notification No. 02/2018-Compensation Cess (Rate) dated 26.07.2018 (nil cess on coal rejects supplied by a coal washery) applies to coal rejects supplied by a power plant.
- Whether a power plant selling coal rejects is liable to collect compensation cess even though the buyer does not get input tax credit on the coal, which increases the cost of coal waste.

F Facts

The applicant is a partnership firm dealing wholesale and retail in limestone, dolomite, marble and similar goods. It buys coal rejects from the Korba power plant of Chhattisgarh State Power Generation Company Limited (CSPGCL). It contends that the nil compensation cess entry for coal rejects should apply to these purchases, since cess was already paid on the coal and no input tax credit has been availed on it.

H Ruling

Whether Notification 02/2018-Compensation Cess (Rate) applies to coal rejects supplied by a power plant	****No.** The nil cess entry does not apply to power plant supplies.**	The entry (serial 41A, tariff heading 27) covers only coal rejects supplied by a coal washery, arising from coal on which cess was paid and no input tax credit was availed. The Authority held that the plain wording admits no wider reading.
Whether a power plant selling coal rejects is liable to collect compensation cess despite the buyer getting no ITC on the coal	****Yes.** The power plant is liable to collect compensation cess on the coal rejects it supplies to the applicant.**	The operative sentence of the ruling answers both questions together. The order does not separately analyse the cost or ITC point beyond the plain-language reading of the notification.

The Authority held that the nil cess entry in Notification 02/2018 extends only to coal rejects supplied by a coal washery and does not apply to coal rejects supplied by a power plant. It further held that the power plant supplying coal rejects to the applicant is liable to collect compensation cess. The ruling binds only the applicant and the concerned and jurisdictional officers under section 103.

R Reasoning

The Authority applied the settled rule that a notification must be read by its plain and unambiguous language, and that a court or authority cannot read words into a fiscal entry or extend an exemption by analogy. It relied on the wording of entry 41A, which names only a coal washery as the supplier, and rejected the applicant's argument

that the 'golden rule' or double taxation should extend the benefit to power plants. It cited several Supreme Court decisions on literal construction of fiscal legislation, including Ranbaxy Laboratories and Excon Building Material. It also noted that under section 103 the ruling binds only the applicant and the concerned or jurisdictional officers.

P Provisions Relied On

- Section 96 of the CGST Act, 2017 (constitution and functions of the Authority for advance ruling)
- Section 97(2) of the CGST Act, 2017 (scope of questions on which advance ruling may be sought)
- Section 98 of the Chhattisgarh GST Act, 2017 (order of the Authority; heading of the proceedings)
- Section 103 of the CGST Act, 2017 (binding nature of advance ruling)
- Notification No. 02/2018-Compensation Cess (Rate) dated 26.07.2018, entry serial 41A (coal rejects supplied by a coal wash…
- Notification No. 1/2017-Compensation Cess (Rate) dated 28.06.2017, as amended by Notification 1/2018 dated 25.01.2018 (t…
- Swedish Match AB v. SEBI (AIR 2004 SC 4219); CIT v. Keshab Chandra Mandal (AIR 1950 SC 265); Excon Building Materia…

! For the Practitioner

This order is useful for any buyer of coal rejects who is considering the nil cess entry, because it confirms that the entry covers only coal washery supplies and that power plant supplies bear compensation cess. It does not decide whether cess paid on coal is double taxation, and its binding effect is limited to the applicant and its jurisdictional officers under section 103. Practitioners should treat it as persuasive only for other buyers, and should check whether any later amendment or judicial ruling has changed the entry.

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 -> alkaltara_minerals.pdf

Prepared 19-11-2026.

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