

M/s Veerapandi Common Effluent Treatment Plant Private Limited

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 29/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 is a common effluent treatment plant that processes effluents received from member dyeing units to obtain reusable water. They perform various treatment processes, including biological treatment, reverse osmosis, and evaporation, to achieve zero liquid discharge. The applicant sought a ruling on the classification and GST rate applicable to the treated water sold back to member units.

H Ruling

Classification of treated water	Classifiable under HSN 2201	As per Notification No. 02/2017-Central Tax (Rate)
Applicable GST rate	Nil rate	Eligible for exemption under entry 99 of Notification No. 02/2017-Central Tax (Rate)

The authority ruled that the treated water sold by the applicant is classifiable under HSN 2201 and is eligible for a **Nil rate of GST**. This is based on the finding that the treated water fits the description of water under entry 99 of Notification No. 02/2017-Central Tax (Rate).

R Reasoning

The authority determined that the treated water is not de-mineralized water as claimed by the applicant, as it still contains various salts and impurities. It is considered ordinary water suitable for industrial reuse, which falls under the exemption provided by entry 99 of Notification No. 02/2017-Central Tax (Rate). The authority relied on the analogy of treated sewage water, which is also exempt under the same notification. The ruling emphasizes that the process is for environmental compliance and conservation rather than the manufacture of chemicals.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017

Section 98(4) of the TNGST Act, 2017

Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017

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

! For the Practitioner

This ruling provides clarity for common effluent treatment plants that the treated water supplied back to member units for industrial reuse is **exempt from GST**. It settles the classification issue by distinguishing such treated water from de-mineralized water. Practitioners should note that this exemption is specific to the context of water recovered for reuse in industrial processes to meet environmental mandates.

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 -> 29_veerapandi_cetp.pdf

Prepared 16-10-2026.

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com