

CONFIDENTIAL

वस्तु एवं सेवा कर आसूचना महानिदेशालय पश्चिम खण्ड - 8, विंग सं. - 6, द्वितीय तल आर. के. पुरम, नई दिल्ली-110 066 दूरभाष : 011-26174191, फैक्स : 011-26102552		DIRECTORATE GENERAL OF GST INTELLIGENCE WEST BLOCK - 8, WING NO.-6, 2nd FLOOR R. K. PURAM, NEW DELHI - 110 066 Phone : 011-26174191, Fax : 011-26102552
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F. No.562/INT/DGGI/HQ/2018/17025/17045 Date:10.06.2020

To,

Pr. Chief Commissioner/ Chief Commissioner, CGST & CX
All CGST and CX Zones (List Attached)

Madam/ Sir,

Subject – Evasion of GST in respect of Hand Sanitizers (Alcohol Based) – Intelligence – Regarding.

Central Economic Intelligence Bureau, New Delhi, has, vide F. No. 01/JS/EI/2020-CEIB dated NIL (**copy enclosed**) informed that some manufacturers of “Hand Sanitizers (Alcohol based)” are wrongly classifying the said item under tariff heading 3004 (12% GST) whereas the said item is liable to be classified under tariff heading 3808 (18% GST). In this regard, classification opinion of WCO has been relied upon. It has also been informed vide above-mentioned letter that Sugar Mills and distilleries are also engaged in manufacturing/supplying alcohol-based hand sanitizers and are classifying the same under tariff heading 3004 (12% GST) of HSN whereas the same are correctly classifiable under heading 3808 (18% GST) of HSN. Thus, the misclassification of ‘Hand sanitizers’ (Alcohol based) appears to have resulted in substantial evasion of GST.

2. Intelligence furnished by the CEIB has been further developed in the DGGI Hqrs. A list of 62 manufacturers/suppliers of above said item was prepared by the DGGI Headquarters by identifying the manufacturers with the help of the online shopping platforms, such as Amazon, Flipkart, Snapdeal, PayTm etc. and has been analysed in DGGI. While the mis-

classification of Hand Sanitizers produced under various established brands is being looked into by various Zonal Units of DGGI, it is requested that misclassification of Hand Sanitizers manufactured/supplied by sugar factories/distilleries in your jurisdiction may kindly be verified at your end in order to plug any revenue leakages.

3. The results achieved in this regard may be communicated to this office in due course of time.

4. This issues with the approval of Principal Director General, DGGI.

Yours faithfully,

by
10/6/20

(Sanjeev Kumar Singh)
Additional Director

SECRET

F.No. 01/JS/EI/2020-CEIB
Government of India
Ministry of Finance
Department of Revenue
(Central Economic Intelligence Bureau)

To
The Principal Director General
Directorate General of GST Intelligence
West Block 8, Wing No 6,
2nd Floor, R.K.Puram
New Delhi

Subject: Evasion of GST – Intelligence- regarding

Sir,

Intelligence has been gathered in the Bureau to the effect that some manufacturers of 'Hand sanitizers (Alcohol based)' are resorting to evasion/nonpayment of CGST and SGST by mis classifying the product. Sugar Mills and distilleries are also making alcohol-based hand sanitizers. These manufacturers are classifying such products under tariff heading 3004 of the Harmonized System of Nomenclature (HSN) whereas the same are correctly classifiable under heading 3808 of HSN. The current applicable GST rates on products classifiable under heading 3004 of HSN is 12% whereas the applicable GST rate on products under heading 3808 of HSN is 18%. Thus, misclassification of product 'Hand sanitizer' (Alcohol based) has resulted in substantial evasion of CGST across the country.

2. The product under consideration has ingredient such as Ethyl Alcohol I.P, Glycerol I.P, Hydrogen Peroxide I.P., Purified water etc. Hand sanitizers having ethyl alcohol as ingredient is a alcohol based product and is correctly classified under heading 3808 of HSN. **The active ingredient of Ethyl Alcohol I.P. is over 70% in most of the cases.**

3. Attention is drawn to classification opinion of World Customs Organization (WCO) a nodal organization for determining classification of the

merchandise goods based on Harmonized Commodity Description and Coding Systems. In its opinion, the WCO has inferred that **Alcohol based hand sanitizers** are correctly classifiable under heading 3808 of HSN (**precisely under sub heading 3808.94**) (Copy enclosed for ready reference). For the sake of reference, the heading 3808 is reproduced as under:

***Heading 3004:** Medicaments (excluding goods of heading 30.02, 30.05 or 30.06) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packings for retail sale, including Ayurvedic, Unani, homoeopathic siddha or Bio-chemic systems medicaments, put up for retail sale.*

***Heading 3808:** INSECTICIDES, RODENTICIDES, FUNGICIDES, HERBICIDES, ANTI-SPROUTING PRODUCTS AND PLANT-GROWTH REGULATORS, DISINFECTANTS AND SIMILAR PRODUCTS, PUT UP IN FORMS OR PACKINGS FOR RETAIL SALE OR AS PREPARATIONS OR ARTICLES (FOR EXAMPLE, SULPHUR TREATMENT BANDS, WICKS AND CANDLES, AND FLY-PAPERS).*

4. Intelligence gathered further revealed that 'alcohols-based hand sanitizers' are cleared under invoice classifying the product under the heading **3004** of HSN 2017 across the country. The misclassification of product is continuing since introduction of GST with effect from 1.07.2017. The estimated duty evasion is over 50 Crores.

5. It is requested that appropriate action may be taken to safeguard the interest of revenue.

Yours Sincerely


(Mitali Madhusmita)
Director General

Encl: As above



World Customs Organization
Organisation mondiale des douanes

Prepared jointly with the
World Health Organization (WHO)

HS classification reference for Covid-19 medical supplies 2nd Edition

This replaces the previous edition of this list.

Note:

This list is provided as an indicative list only and only includes a limited number of items. It does not have legal status. Please consult with the relevant Customs administration in relation to classification at domestic levels (7 or more digits) or in the event of any discrepancy between their practice and this list.

All classifications are done under the current international HS – HS 2017.

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Section I. COVID-19 Test kits/ Instruments and apparatus used in Diagnostic Testing

Product	Additional information	HS 2017 Classification
COVID-19 Test kits	Diagnostic reagents based on polymerase chain reaction (PCR) nucleic acid test.	3822.00
COVID-19 Test kits	Diagnostic reagents based on immunological reactions	3002.15
COVID-19 Diagnostic Test instruments and apparatus	Instruments used in clinical laboratories for In Vitro Diagnosis	9027.80
Swab and Viral transport medium set	A vial containing a culture media for the maintenance of a viral sample and a cotton tipped swab to collect the sample put up together	3821.00

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Section II. Protective garments and the like

(For disposable protective products that are not worn (e.g. drapes, bed pads), see "Section VI. Other Medical Consumables")

Product	HS 2017 Classification
Face and eye protection	
Cellulose/paper masks	4818.50
Textile face-masks, without a replaceable filter or mechanical parts, including surgical masks and disposable face-masks made of non-woven textiles. This includes the masks known as N95 Particulate Respirators.	6307.90
Gas masks with mechanical parts or replaceable filters for protection against biological agents. Also includes such masks incorporating eye protection or facial shields.	9020.00
Protective spectacles and goggles	9004.90
Plastic face shields (covering more than the eye area)	3926.20
Gloves	
Plastic gloves	3926.20
Surgical rubber gloves	4015.11
Other rubber gloves.	4015.19
Knitted or crocheted gloves which have been impregnated or covered with plastics or rubber	6116.10
Textile gloves that are not knitted or crocheted	6216.00
Other	
Disposable hair nets	6505.00
Protective unisex garments made of plastic sheeting, textile reinforced plastics or textile backed plastics.	3926.20
Protective unisex garments made of rubber sheeting, textile reinforced rubber or textile backed rubber.	4015.90
Paper or cellulose garments and clothing accessories such as disposable paper hospital gowns, paper shoe covers etc. These are covered here provided that they are made of paper, paper pulp, cellulose wadding or webs of cellulose fibres. Please check with the Customs administration in the importing country if they are not solely paper or cellulose as they may be classified elsewhere.	4818.50
Protective garments for surgical/medical use made up of felt or nonwovens whether or not impregnated, coated, covered or laminated (fabrics of heading 56.02 or 56.03). This includes spun-bonded garments.	6210.10

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Section II. Protective garments and the like (cont.)

Product	HS 2017 Classification
Unisex protective garments for surgical/medical use made of woven textiles of that are impregnated, coated, covered or laminated with plastics.	6210.50
Unisex protective garments made of rubberised textile fabrics.	6210.50

Section III. Disinfectants and sterilisation products
(For soaps, see "Section VI. Other Medical Consumables")

Product	Additional information	HS 2017 Classification
Alcohol solution	Undenatured, containing by volume 80% or more ethyl alcohol	2207.10
Alcohol solution	Undenatured, 75% ethyl alcohol	2208.90
Hand sanitizer	A liquid or gel generally used to decrease infectious agents on the hands, alcohol-based type.	3808.94
Other disinfectant preparations	Put up in forms or packings for retail sale such as rubs and wipes impregnated with alcohol or other disinfectants.	3808.94
Medical, surgical or laboratory sterilisers, including autoclaves	Function using steam or boiling water	8419.20
Hydrogen peroxide in bulk	Bulk H ₂ O ₂ whether or not with solidified with urea.	2847.00
Hydrogen peroxide presented as a medicament	H ₂ O ₂ put up for internal or external use as a medicine, including as an antiseptic for the skin. Only covered here if in measured doses or in forms or packings for retail sale (including directly to hospitals) for such use.	3004.90
Hydrogen peroxide put up in disinfectant preparations for cleaning surfaces	H ₂ O ₂ put up as cleaning solutions for surfaces or apparatus.	3808.94
Other chemical disinfectants	Put up in forms or packings for retail sale as disinfectants or as disinfectant preparations, containing alcohol, benzalkonium chloride solution or peroxyacids, or other disinfectants. This includes sodium dichloroisocyanurate (NaDCC) and calcium hypochlorite (65-70% active chlorine) when put up with a measurement spoon in the forms normally sold directly to hospitals and the like. (Bulk NaDCC would be classified in subheading 2933.69. Bulk calcium hypochlorite would be classified in subheading 2828.10)	3808.94

Section IV. Oxygen Therapy equipment and pulse oximeters

Product	Additional information	HS 2017 Classification
Medical ventilators (artificial respiration apparatus)	Provides ventilation by moving breathable air into and out of the lungs. This includes both: • ventilator machines and • compressible self-refilling ventilation bags that are normally supplied with a valve and mask (also known as 'bag valve mask' (BVM) ventilators).	9019.20
Extracorporeal membrane oxygenation (ECMO)	Provides prolonged cardiac and respiratory support by removing blood from the person's body and artificially removing the carbon dioxide and oxygenating red blood cells.	
Continuous Positive Airway Pressure (CPAP) units	Positive airway pressure ventilators, which apply mild air pressure on a continuous basis, to keep the airways continuously open in people who are able to breathe spontaneously on their own, but need help keeping their airway unobstructed.	
Bilevel positive airway pressure (BiPap or BPap) units	Similar to CPAP unit, except that the pressurized air is delivered at two alternating levels with a higher inspiratory positive airway pressure (IPAP) and a lower expiratory positive airway pressure (EPAP).	
Oxygen concentrators (See "Section VIII. Other" for oxygen generating plants and "Section VI. Other Medical Consumables" for oxygen)	Devices designed to concentrate oxygen from ambient air and deliver the concentrated oxygen, typically through an attached nasal cannula (or prongs), to a patient requiring oxygen therapy. These differ from oxygen plant in that they supply oxygen directly to patients according to their specific needs.	
Oxygen humidifiers for oxygen therapy applications	Medical devices that can be integrated into oxygen delivery systems to humidify supplemental oxygen when it is delivered at higher-than-standard flow rates, or the method of oxygen delivery bypasses the nose (e.g., through nasopharyngeal catheters).	9019.20

Section IV. Oxygen Therapy equipment and pulse oximeters (cont.)

Product	Additional information	HS 2017 Classification
Oxygen delivery devices to supply oxygen from the device to the patient	• Oxygen masks; • Venturi masks; • Oxygen tents; • Oxygen head boxes; and • Similar oxygen delivery devices	9019.20
	Nasal prongs (nasal cannulae): nasal cannulae consist of plastic tubes that end in two short tapered prongs that are placed in the nostrils for delivering oxygen.	9018.39
	Nasal catheter: a thin, flexible tube that is passed into the nose and ends with its tip in the nasal cavity for delivering oxygen.	9018.39
Flowmeter, Thorpe tube for oxygen 0-15L/min	The Thorpe tube flowmeter is composed of inlet and outlet ports, a regulator, a valve and a clear tapered measuring tube. It is suitable for connection with various medical gas sources, such as centralized system, cylinders, concentrators or compressors. Standard (absolute, non-compensated) and pressure-compensated flowmeter versions, suitable for specific flow ranges.	9026.80
Flow splitters	A device intended to distribute medical oxygen from a single source to multiple independent outlets.	9019.20
Pulse oximeters	Devices for measuring the oxygen saturation of haemoglobin in arterial blood (SpO ₂). They use the principle of differential light absorption to determine SpO ₂ when the sensor (also called a probe) is applied to an area of the body (e.g. a finger, toe or earlobe).	9018.19

Section V. Other medical devices and equipment

Product	Additional information	HS 2017 Classification
Computed tomography (CT) scanners	Uses a rotating X-ray machine to image thin slices of the body to diagnose diseases such as pneumonia.	9022.12
Ultrasound machines	Portable ultrasound machines are usually imported with their own specifically designed trolley and accessories	9018.12
Electrocardiograph	Portable electrocardiographs are normally presented with various accessories	9018.11
Multiparametric Patient Monitoring devices	Monitoring stations used for the continuous monitoring of <i>multiple</i> vital signs.	9018.19
Laryngoscopes	*It is noted that there is some variance between administrations as to the classification of endoscopes as either electro-diagnostic apparatus or other medical apparatus – please check with the relevant Customs administration	9018.19 or 9018.90*
Colorimetric end tidal CO ₂ detector	Sizes compatible with child and adult endotracheal tube. Single use.	9027.80
Infrared thermometers		9025.19
Stethoscopes		9018.90
Magill intubation forceps	Angled forceps used to guide a tracheal tube into the larynx or a nasogastric tube into the oesophagus under direct vision	9018.90
Intubation kits	Reusable intubation kits	9018.90
Infusion pump*, with or without accessories	*It is noted that there is some variance between administrations as to the classification of infusion pumps as either pumps or other medical apparatus – please check with the relevant Customs administration	8413.19 or 9018.90*
Electronic drop counter, IV fluids	Counts the drops and calculates real-time drop rate	9028.20
Medical suction pumps	Used to clear the airway of bodily secretions	9018.90
Medical drills for vascular access	May be presented with accessories	9018.90
Kidney basins	Shallow kidney-shaped basins made of stainless steel and used for the collection of bodily discharges and other sanitary purposes	7324.90

Section VI. Other Medical Consumables

Product	Additional information	HS 2017 Classification
Medical oxygen* (* Some countries may require cylinders to be separately reported as well as the oxygen – check with the relevant Customs administration if unsure.)	Medical oxygen has as a minimum 82% pure oxygen, is free from any contamination, and is generated by an oil-free compressor. This subheading includes both compressed oxygen supplied in cylinders and liquid oxygen.	2804.40
Wadding, gauze, bandages, cotton sticks and similar articles	Impregnated or coated with pharmaceutical substances or put up in forms or packings for retail sale for medical use.	3005.90
Surgical tape	Self-adhesive, hypoallergenic	3005.10
Transparent adhesive plasters		3005.10
Soap	Liquid or powder form	3401.20
	Bar form	3401.11
Syringes, with or without needles		9018.31
Tubular metal needles and needles for sutures		9018.32
Needles (except for tubular metal needles and needles for sutures), catheters, cannulae and the like	Includes, among other things: • endotracheal tubes (catheters), with or without cuffs; • Nasopharyngeal airways (catheters); and • Oropharyngeal airways (catheters). Endotracheal tube introducers (bougies or stylets) are also classified here by virtue of Note 2 to Chapter 90.	9018.39
Intubation kits	Single use disposable intubation kits	9018.90
Disposable emergency cricothyrotomy set	Set for performing an emergency incision or puncture through the skin and cricothyroid membrane to establish a patent airway during certain life-threatening situations	9018 (subheading will depend on set contents)
Plastic hazardous waste disposal bags	Disposal bag for bio-hazardous waste, with "Bio Hazard" print, autoclavable polypropylene, 50 or 70 micron thickness	3923.29

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Section VI. Other Medical Consumables (cont.)

Product	Additional information	HS 2017 Classification
Urine bags	Plastic bags for collecting urine, with outlet tap, with non-return valve	3926.90
Paper bed sheets		4818.90
Conductive gel for use in an ECG or ultrasound procedure	Used between the body and the ECG or ultrasound instruments to reduce the body's impedance	3006.70
Lubricating jelly	Lubricant for medical procedures	3006.70

Section VII. Vehicles

Product	Additional information	HS 2017 Classification
Wheelchairs	Carriages for disabled persons, whether or not motorised or otherwise mechanically propelled.	8713.10 8713.90
Mobile clinics vehicles	Mobile clinics (medical) with operating theatre, anaesthetic equipment and other surgical apparatus.	8705.90
Mobile radiological vehicles	Mobile radiological units (e.g., fitted with an examination room, dark room and complete radiological equipment).	8705.90

Section VIII. Other

Product	Additional information	HS 2017 Classification
Medical or surgical furniture	Includes operating tables, examination tables, hospital beds with mechanical fittings, specially designed tables for instruments, anaesthetic or surgical supplies, and their parts.	9402.90
Pressure Swing Adsorption (PSA) oxygen plant for a central oxygen supply system of medical grade oxygen.	Large, onsite, central source of medical grade oxygen that is piped directly to terminal units within patient areas or used to refill cylinders. Plants adsorb nitrogen out of ambient air and filter out contaminants to provide a supply of oxygen that can be used in various oxygen therapy apparatus. They do not act as therapeutic devices themselves, but simply create a supply of oxygen for use in therapeutic devices.	8421.39
Empty medical gas cylinders, portable, for oxygen, fitted with a valve and a pressure and flow regulator	Steel or steel alloy	7311.00
	Aluminium	7613.00

Members are invited to share information on additional items not mentioned above to update the list through the following email: hs@wcoomd.org

Note: This List has taking into consideration of the latest WHO Coronavirus disease (COVID-19) technical guidance on COVID-19 Critical Items:

[https://www.who.int/publications-detail/disease-commodity-package---novel-coronavirus-\(ncov\)](https://www.who.int/publications-detail/disease-commodity-package---novel-coronavirus-(ncov))

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance/covid-19-critical-items>