



## INDIAN DRUG MANUFACTURERS' ASSOCIATION

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### **PARTNERS IN GLOBAL HEALTHCARE**

9th February, 2015

To,  
The Office of the Commissioner of Sales Tax,  
D-2, 9th Floor, Vikrikar Bhavan,  
Mazgaon, Mumbai - 400 010



**Kind Attention : Shri Bhagat, Joint Commissioner of Sales Tax (HQ), Maharashtra State**

Ref: Personal meeting of our member representative on 3rd February 15 & Our letter dated 17th February 2014

**Sub : Commonly used disinfectants for disinfection of Operation theatre, Instruments, Surfaces in the hospitals, which may be in the direct or indirect contact of the patients, doctors & health care staff, for prevention of hospital acquired infection & diseases**

Dear Sir,

With reference to the discussions during the personal meeting, our member representative had with you, on 3rd February'2015, on above subject, we are submitting herewith following details & documents .

1) in this context , our previous letter is self explanatory. however to make the matter/ issue more clear we have obtained an expert technical opinion regarding use of disinfectants in hospitals in operation theatre and hospital from a government medical college, viz; Grant Govt Medical College & Sir J.J. group of hospitals. Attached herewith the technical opinion for your kind reference; regarding the Disinfectants & their active ingredients used in Operation Theater , in the critical areas & for surgical instruments & surfaces in the hospitals, vide letter No.GMC / Surg/OT-Hosp-Disinfectants/110 / 2015 dated 9th February'2015, from the Professor & Head, Dept of Surgery, Grant Medical College & J. J. Group of Hospitals, Mumbai-8.

2) Chapter Heading / Sub Heading of the above referred disinfectant formulations is 3004 9087

3) As already explained, above said disinfectant formulations are meeting 2 conditions of Entry Sr No.29 (a) of Schedule C ( for Drugs formulations/ preparations attracting sales tax rate @ 5% ) viz. i) they are used for mitigation, & prevention of any diseases & ii) they are manufactured under drug manufacturing license granted under the Drugs and Cosmetics Act, 1940.

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cont'd. ....

4) Except Maharashtra, there is no discrimination in any of the states in India, in the sales tax rate applicable to drug formulations on the basis of whether used internally or on body of the human beings, animals & birds. The higher rates of sales tax (Vat) @12.5% Maharashtra, on these Drugs formulations as they are not used internally or the body, give a set-back to the manufacturers of Drugs in Maharashtra in their competition with manufacturers of other states (due to big tax difference of 7.5%). This also results in lower production & in turn lower revenue to the state government.

This will encourage the use of disinfectants as a preventive measure and this indirectly will result in the reduction of hospital expenses.

We therefore request your honor to consider our said application vide letter dated 17th February 2014 and oblige.

Thanking you,

Yours Sincerely,

For Indian Drug Manufacturers' Association,



B.G.Barve

Chairman, Excise & Taxation Subcommittee, IDMA

Encl. :

- 1) Our letter dated 17th February 2014
- 2) Present Tax Structure of Drugs of various States - Annexure 1
- 3) Definition of Drugs and applicable rate of tax in various States - Annexure 3
- 4) Certificate from Grant Medical College & Sir JJ Group of Hospital regarding the use of Disinfectants in Operation Theater & Hospital -
- 5) Your Letter No DC(A&R) /VAT/ROT/2013/33/Adm-8/B-360 Mumbai dated 25-09-2013
- 6) Our Previous Letter No. IDMA/S TAX/2013-14/99 dated 2nd May 2013 and 29th November 2013