



regarding Classification and applicability of GST on sale of rejected paddy seed which according to them are not fit for human consumption and could be used for Industrial usage, Cattle feed production, Manure production HELD (a) Rejected paddy seed would merit classification under chapter heading 100610, subject to the compliance of the stipulations and conditions as mentioned in the Section note and chapter note specified therein. (b) The exemption from whole of tax as provided under Sr. no 70 of Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017 is not eligible for supply of "Rejected paddy/ Damaged paddy" (c) "Rejected paddy / Damaged paddy" per se supplied by the applicant, procured by them although merits classification under chapter 100610 subject to adherence of the conditions as stipulated under chapter note and section note discussed supra, would be leviable to tax @2.5% CGST + 2.5% CGGST. (d) Regarding categorization of rejected paddy based on its usage such as animal feed, cattle feed, poultry feed, industrial use, manure etc., this authority finds that for want of adequate details regarding the process undertaken by the applicant through which such rejected paddy would be converted to animal feed, cattle feed, manure etc., no conclusive ruling regarding classification from the GST perspective based on HSN could be delivered, as discussed in the above paras.

Advance Ruling No. STC/ AAR/08/2022-Raipur, Dated 31st October, 2022

AUTHORITY FOR ADVANCE RULING - CHHATTISGARH

3rd& 4th Floor. Vaniivikar GST Bhawan, North Block Sector-19,

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PROCEEDING OF THE AUTHORITY FOR ADVANCE RULING

U/s, 98 OF THE CHHATTISGARH GOODS AND SERVICES TAX ACT, 2017

Members Present are

Smt. Sonal K. Mishra

Joint Commissioner

O/o Commissioner, State Tax

(CGGST)Raipur, Chhattisgarh

Shri Abhinav Agrawal,

Additional Commissioner,

O/o Principal Commissioner,

CGST & Central Excise, Raipur

Subject :- Chhattisgarh GST Act, 2017 - Advance Ruling U/s 98 Chhattisgarh GST Act, 2017

Advance Ruling under section 98 of CGST Act/CGGST, 2017 sought by M/s Shraddha Traders, Jeora Sirsa village, District Durg, Chhattisgarh (here in after referred to as the applicant) GSTIN-22ACGPJ3748N1ZE vide their Application dated 25/07/2022 followed by e-mail dated 4/8/2022, regarding Classification and applicability of GST on sale of rejected paddy seed which according to them are not fit for human consumption and could be used for Industrial usage, Cattle feed production, Manure production etc.

Read :- Application dated 25/07/2022 and e-mail dated 4/8/2022 by M/s Shraddha Traders, Jeora Sirsa village, District Durg, Chhattisgarh (here in after referred to as the applicant) GSTIN-22ACGPJ3748N1ZE.

PROCEEDINGS

[U/s 98 of the Chhattisgarh Goods & Services Tax Act, 2017

(herein- after referred to as CGGST Act, 2017)]

M/s Shraddha Traders, Jeora Sirsa village, District Durg, Chhattisgarh GSTIN- 22ACGPJ3748N1ZE [hereinafter also referred to as the applicant] has filed an application dated 25/7/2022, seeking advance ruling by filing ARA-01 form along with annexures and attachments. Thereafter the applicant under their e-mail dated 4/8/2022 furnished the details of challans evidencing payment of fees stipulated for obtaining an advance ruling under sub-section (1) of section 97 of CGST Act, 2017 read with Rule 104 of Central Goods and Service Tax Rules, 2017 in the manner specified in section 49 ibid. Thus, the application complete in all respect has been filed by the applicant on 4/8/2022. The applicant has filed the instant application under section 97 of the CGST Act, 2017 / Chhattisgarh Goods & Services Tax Act, 2017 seeking advance ruling

regarding Classification and applicability of GST on sale of rejected paddy seed which according to them are not fit for human consumption and could be used for Industrial usage, Cattle feed production, Manure production etc.

2. Facts of the case: -

2.1 M/s SHRADDHA TRADERS (Prop: Mr. DONGARMAL JAIN), (hereinafter referred as applicant) is registered under GST having registration No. 22ACGPJ3748NIZE. The applicant is engaged in the business of running a rice mill and the present application has been filed by them seeking ruling regarding classification & applicability of GST on sale of Rejected Paddy Seed which has been informed to be not fit for human consumption & could be used for Industrial Usage, Cattle Feed Production, Manure Production etc. In this regard, it has been informed by the applicant that they have recently been awarded tender by Chhattisgarh State Cooperative Marketing Federation for purchase of Rejected paddy and that out of the said purchase, certain portion could be sold as such. The applicant in the present case is planning for sale of Rejected Paddy in the bags having quantity of more than 25Kg. Relevant extract of tender documents issued by Chhattisgarh State Cooperative Marketing Federation having details of Rejected paddy categorized under different category of use such as Animal Feed, Cattle Feed, Poultry Feed, Industrial Use was also furnished.

2.2 Question(s) on which advance ruling is sought:-^

- i. Classification and applicability of GST Rate on the Sale of Rejected Paddy Seed in a bag of quantity more than 25Kg.
- ii. Applicability of S.No. 70 of Notification No. 02/2017 dated 28.06.2017.
- iii. Determination of liability to pay tax on supply of rejected paddy sale.
- iv. As the rejected paddy is further categorized based on its usage such usage as Animal Feed, Cattle Feed, Poultry Feed, Industrial use, Manure etc.

Would it make any differential classification under each category from the GST perspective based on Harmonized System of Nomenclature?

- v. If answer to above is affirmative, then provide the HSN classification & GST rate based on usage separately.~

3. Contentions of the applicant:-

3.1. In the instant case, for classification & taxation of any item, it is the opinion of the applicant that they referred to GST tariff, but on going through the same it was found that there is no specific entry for Rejected Paddy Sale and that in such a case when there is no specific entry in GST tariff, reference is made to the Custom Tariff for classification of goods.

3.2 That, in this regard, Chapter 10 covers the Cereals & the relevant classification of Rice is provided under 1006. HSN Code 1006 10 10 provides Rice in the Husk (paddy or rough) of Seed Quality. The aforesaid Category covers all types of seeds whether or not such is rejected or non - rejected.

3.3 That the aforesaid view that sale of rejected paddy is covered under HSN Code - 1006 10 10 has been taken in the Appellate Advance Authority Ruling, Uttarakhand in the case of M/s Sam Overseas - Order No. 08/18-19/30.03.2019 dated 30.03.2019. In view of aforesaid position, they are of the opinion that the same is classifiable under HS Code 1006 10 10. Copy of the aforesaid Appellate Advance Authority Ruling has also been enclosed.

3.4 That, once Sale of rejected Paddy is covered under the HSN Code 1006, for GST Rate they referred to the amended Notification 1/2017 - Central Tax (Rate) dated 28.06.2017 for Tax rate of Goods & amended Notification No. 2/2017 - Central tax (Rate) dated 28.06.2017 for exemption in case of supply of goods.

That, S.No. 51 of Schedule -1 of Amended Notification No. 01/2017 - Central Tax Rate dated 28.06.2017 provides for taxability of Rice (pre-packaged and labelled) covering HSN 1006 @ 2.5% CGST & similar rate of SGST.

That, Entry No. 70 of Amended Notification No. 02/2017 - Central Tax Rate dated 28.06.2017 as amended by Notification No. 07/2022 dated 13.07.2017 provides the exemption from taxability of Rice which is other than pre-packaged and labelled.

3.5 That, Notification No. 06/2022 Central Tax(Rate), Notification No. 07/2022 - Central Tax (Rate) both dated 13.07.2022 & later the FAQ (F. No. 190354/172/2022-TRU dated 17.07.2022), provides the expression 'pre-packaged and labelled' means a 'pre-packaged commodity' as defined in clause (l) of section 2 of the Legal Metrology Act, 2009, where the package in which the commodity is prepacked, or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act and the rules made there under Clause (l) of section 2 of the Legal Metrology Act reads as below: (l) "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a predetermined quantity.

3.6 That, in the context of food items (such as pulses, cereals like rice, wheat, flour etc.), the supply of specified pre-packaged food articles would fall within the purview of the definition of 'pre-packaged commodity' under the Legal Metrology Act 2009, and the rules made there under, if such pre-packaged and labelled packages contained a quantity upto 25 kilogram [or 25 litre] in terms of rule 3(a) of Legal Metrology (Packaged Commodities) Rules, 2011, subject to other exclusions provided in the Act and the Rules made there under.

3.7 That, S.No 3 of FAQ dated 17.07.2022 provides that for such commodities (food items- pulses, cereals, flour, etc.), rule 3 (a) of Chapter-II of Legal Metrology (Packaged Commodities) Rules, 2011, prescribes that package of commodities containing quantity of more than 25 kg or 25 litre do not require a declaration to be made under rule 6 thereof. Accordingly, GST would apply on such specified goods where the pre-packaged commodity is supplied in packages containing quantity of less than or equal to 25 kilogram.

3.8 That, in the instant case, referring to S.No. 3 of the FAQ (F. No. 190354/1 72/2022-TRU dated 17.07.2022), the Sale of Rejected Paddy Seed of quantity of more than 25Kg/bag would be considered as Sale of Rejected Paddy other than pre-packaged and labelled & therefore, would be eligible for exemption in terms of S.No. 70 of the amended exemption Notification 2/2017 dated 28.07.2017 & accordingly, the sale of Rejected paddy Sale is Exempted for levy of any taxes.

3.9 That, in the light of above provisions, advance ruling is sought for classification & applicability of GST Rate in sale of Rejected Paddy.

4. Personal Hearing: -

Keeping with the established principles of natural justice, personal hearing in the matter was extended to the applicant in person, as requested by them and accordingly, Shri Shubham Jain CA authorized representative of the applicant, M/s Shraddha Traders, JeoraSirsa village, Dist. Durg, Chhattisgarh attended the personal hearing in the matter before us on 31.10.2022. It was his submission that they are seeking advance ruling regarding classification & applicability of GST on sale of Rejected Paddy Seed which according to them is not fit for human consumption and could be used for Industrial Usage, Cattle Feed Production, Manure Production etc. He further informed that they are engaged in the business of running a rice mill and that they had recently been awarded tender by Chhattisgarh State Cooperative Marketing Federation for purchase of Rejected paddy and that out of the said purchase, certain portion could be sold as such. He reiterated the points raised in their ARA-01 application.

5. The legal position, analysis and discussion: - At the very outset, we would like to make it clear that the provisions for implementing the CGST Act and the Chhattisgarh GST Act, 2017 [hereinafter referred to as "the CGST Act and the CGGST Act"] are similar and thus, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the CGGST Act, 2017. Now we proceed to discuss the issues involved in the ruling so sought by the applicant and the law as applicable in the present case.

6. Section 96 of CGST Act, 2017, Authority for advance ruling, stipulates as under: -

Subject to the provisions of this Chapter, for the purposes of this Act, the Authority for advance ruling constituted under the provisions of a State Goods and Services Tax Act or Union Territory Goods and Services Tax Act shall be deemed to be the Authority for advance ruling in respect of that State or Union territory.

Section 97(2) of CGST Act, 2017 stipulates that: -

The question, on which the advance ruling is sought under this Act, shall be in respect of,-[^]

(a) classification of any goods or services or both;

- (b) applicability of a notification issued under the provisions of this Act;
- (c) determination of time and value of supply of goods or services or both;
- (d) admissibility of input tax credit of tax paid or deemed to have been paid;
- (e) determination of the liability to pay tax on any goods or services or both;
- (f) whether applicant is required to be registered;
- (g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.~

Further section 103 of CGST Act, 2017 stipulates about the ruling pronounced as under: -The advance ruling pronounced by the Authority or the Appellate Authority under this Chapter shall be binding only -^

- a. On the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling;
- b. On the concerned officer or the jurisdictional officer in respect of the applicant.~

Thus, in view of the above section 103 of CGST Act, 2017, the ruling so sought by the applicant would be binding only on the applicant and on the concerned officer or the jurisdictional officer as stipulated above.

7. We have gone through the submissions made by the applicant and have examined the contentions raised by them. At the outset, we find that the issue raised in the application is squarely covered under Section 97 (2)(a), Section 97(2) (b) and Section 97(2) (e) of the CGST Act 2017 being a matter related to classification of goods, applicability of a notification issued under the provisions of this Act and determination of the liability to pay tax on any goods. We, therefore, admit the application for consideration on merits.

8. Now we proceed to decide the issues raised by the applicant on merits. The issues covered in the instant case in hand is regarding classification and applicability of GST on the said rejected paddy seed procured by the applicant from Chhattisgarh State Cooperative Marketing Federation, which the applicant intends to supply further downstream. In this context, the Noticee in their writeup has submitted that they had referred to GST tariff, but they could not find any specific entry for Rejected Paddy Sale and that in such a case when there is no specific entry in GST tariff, reference is made to the Custom Tariff for classification of goods.

9. In this context, it is worthwhile to mention here that Section 9 of the CGST Act and respective SGST Acts and Section 5 of IGST Act inter alia provides for levy of tax

"..... at such rates, not exceeding forty percent, as may be notified by the government on the recommendation of the council and collected in such manner as may be prescribed..... " A plain reading of above provision implies that government has power to notify rates of tax on recommendation of GST council. The combined rate of CGST and SGST or IGST cannot be more than 40 per cent. The Customs Tariff Act 1975 is based on Harmonised System of Nomenclature HSN. The Customs Tariff Act 1975 is amended from time to time so as to align the same with HSN Tariff developed by world customs organisation. Harmonised System of Nomenclature (HSN) The Harmonised Commodity Description and Coding System generally referred to as "Harmonised System" or simply "HS" is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It is also referred to as "Harmonised System of Nomenclature" or HSN. The rules of Interpretation of Customs Tariff are also stipulated. The rules of interpretation, section notes and chapter notes as specified under Customs Tariff Act 1975 are also applicable for classification of Goods under GST regime.

9.1 The Central government on recommendation of GST council has notified the rate of applicable tax payable on goods vide notification no. 01/2017 - CT (Rate) / Integrated tax (rate) dated 28/06/2017. It may be noted that notifications regarding central tax (CGST) are issued by central government and notification regarding state tax (SGST) issued by respective state government have identical provisions. The said notifications are subject to amendments from time to time by the government. The schedules in notifications issued have reference to chapter, heading, sub heading and tariff items. Explanation at the end of above notification no. 01/2017 - CT (Rate) dated 28/06/2017 inter alia provides that "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, subheading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and further that the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the

interpretation of this notification. Therefore, it is implied by virtue of above explanation that the classification of goods has to be done in accordance with Customs Tariff Act 1975. However, once the heading/tariff item is arrived at, the rate of GST would be governed by above notification.

9.2 In the aforesaid context, it is seen that SECTION-II CHAPTER-10 covers Cereals. Further section NOTES therein specifies that:-^

1. (A) The products specified in the headings of this Chapter are to be classified in those headings only if grains are present, whether or not in the ear or on the stalk.

*(B) This Chapter does not cover grains which have been hulled or otherwise worked. However, rice, husked, milled, polished, glazed, parboiled or broken remains classified in heading 1006. Similarly, quinoa from which the pericarp has been wholly or partly removed in order to separate the saponin, but which has not undergone any other processes, remains classified in heading 1008.

2. Heading 1005 does not cover sweet corn (Chapter 7).

SUB-HEADING NOTE: The term "Durum wheat" means wheat of the *Triticum durum* species and the hybrids derived from the interspecific crossing of *Triticum durum* which have the same number (28) of chromosomes as that species.~

9.3 It is further seen that Tariff Item 1006 specifies the goods classifiable therein, as under: -

Tariff Item	Description of goods
1006	RICE
1006 10	-Rice in the husk (paddy or rough)
1006 10 10	--- Of seed quality
1006 10 90	--- Other
.....	
.....	

10. We find that to arrive at the correct ascertainment of classification of goods which is intended for supply (trade) downstream, it is also of paramount importance to know the description of the same as is forthcoming in the documents accompanying the goods on its receipt by the purchaser from the supplier. No such documents issued by Chhattisgarh State Cooperative Marketing Federation pertaining to such rejected paddy have been furnished by the applicant such as invoice etc. However, we also observe from the Tender documents furnished by the applicant and the copy of agreement furnished by the applicant between the applicant and Chhattisgarh State Cooperative Marketing Federation that the description of goods finds mention as classified rejected paddy /Damaged paddy, whereas in their ARA-01, the impugned goods have been mentioned as Rejected paddy seed by the applicant. The goods under question would merit classification under a heading only if the conditions as stipulated are adhered to. The rules of interpretation for classification, section notes and chapter notes as specified under Customs Tariff Act 1975 are applicable for classification of the impugned goods. Any additional usage / functionality would disentitle the impugned goods from getting classified under any heading. Needless to mention here that, besides this the technical information and parameters of the impugned goods intended to be traded by the applicant consequent upon its receipt from the supplier, its intended use downstream is also of much relevance for arriving at the appropriate classification of the same. Further this authority would like to mention here that although, there is nothing before us to suggest that the conditions stipulated in the section notes and chapter notes etc. has not been followed, nevertheless the classification of the goods in question under heading 1006 claimed by the applicant would depend upon the other determination factors supra as also the rules of interpretation, section notes and chapter notes as specified and discussed herein above.

11. In view of the above discussions we are of the considered view that purely based on the description of the goods mentioned in the tender / agreement document with Chhattisgarh State Cooperative Marketing Federation i.e., rejected paddy / damaged paddy (not fit for human consumption) would merit classification under chapter heading 100610,subject to stipulations and conditions as mentioned in the Section note and chapter note. Any further classification i.e., whether the rejected paddy/damaged paddy is of seed quality or other is not possible in absence of further description or technical information or paramete's of the impugned goods.

12. Now coming to the applicable tax rate on such goods, as discussed there is no doubt that the same depends upon the classification of the goods in question as discussed above and the effective rates of such goods are specified in schedules appended to Notification no. 01 /2017-CT(Rate) dated 28.6.2017 as amended and subject to the adherence of stipulations mentioned therein.

12.1 For ease of reference, the relevant portion of GST Notification No. 1/2017- Central Tax (Rate) dated 28 June 2017 as amended by Notification No. 6/2022-Central Tax (Rate) New Delhi, the 13th July 2022 effective from 18.7.2022 is reproduced here under: -

**GOVERNMENT
OF INDIA
MINISTRY
OFFINANCE
(Department of Revenue)**

Notification No. 1/2017-Central Tax Rate) New Delhi, the 28th June, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 9 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby notifies the rate of the central tax of-

- (i) 2.5 percent in respect of goods specified in Schedule I,
- (ii) 6 percent in respect of goods specified in Schedule II,
- (iii) 9 percent in respect of goods specified in Schedule III,
- (iv) 14 percent in respect of goods specified in Schedule IV,
- (v) 1.5 percent in respect of goods specified in Schedule V, and
- (vi) 0.125 percent in respect of goods specified in Schedule VI

Appended to this notification (hereinafter referred to as the said Schedules), that shall be levied on intra - State supplies of goods, the description of which is specified in the corresponding entry in column (3) of the said Schedules, falling under the tariff item, subheading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedules.

Schedule I -2.5%

S. No.	Chapter/heading/ sub-heading / tariff item	Description of Goods
(1)	(2)	(3)
1.	----	-----
2.	----	-----
3.	----	-----
...	----	-----
45.	10	All goods i.e. Cereals, pre-packed and labelled
	----	-----
51.	1006	Rice pre-packed and labelled

Schedule II -6 %

Schedule III -9%

Schedule IV- 14%

Schedule V - 1.5%

Schedule VI- 0.125%

12.2 Thus, from the above it gets abundantly clear that the applicable rate of tax on all goods classifiable under chapter 10 i.e., cereals is 2.5% CGST + 2.5%SGST, in terms of entry no. 45 to 59 (except sr. no. 57) to Schedule-1 to Notification no. 01 /2017-CT(Rate) dated 28.6.2017 as amended vide Notification No. 6/2022-Central Tax (Rate) New Delhi, the 13th July 2022, effective from 18.7.2022.

12.3 Further it is observed that Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017 as amended vide Notification no. 07 / 2022-Central Tax (Rate) dated 13.7.2022 under S.no. 70 prescribes exemption from the whole of central tax leviable thereon under section 9 of CGST Act, 2017 only on "Rice other than pre-packaged and labelled" falling under chapter heading 1006 and not on Paddy or for that matter "rejected paddy/ damaged paddy". For the sake of convenience, the relevant text of Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017 as amended vide Notification no. 07 / 2022-Central Tax (Rate) dated 13.7.2022 is reproduced hereunder: -

Schedule

S. No.	Chapter/heading/ sub-heading / tariff item	Description of Goods
(1)	(2)	(3)
1.	----	-----
2.	----	-----
3.	----	-----
...	----	-----
65	1001	Wheat and meslin other than pre-packaged and labelled
66	1002	Rye other than pre-packaged and labelled
67	1003	Barley other than pre-packaged and labelled
68.	1004	Oats other than pre-packaged and labelled
69.	1005	Maize (corn) other than pre-packaged and labelled
70.	1006	Rice other than pre-packaged and labelled
71.	1007	Grain sorghum other than pre-packaged and labelled
72.	1008	Buckwheat, millet and canary seed; other cereals such as Jawar, Bajra, Ragi] other than pre-packaged and labelled
73.	1101	Wheat or meslin flour other than pre-packaged and labelled
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It is further noteworthy here that the custom millers on procurement of paddy from MARKFED converts such paddy to rice by the process of milling, known as custom milling on job work basis and thereafter supplies back rice to Chhattisgarh State Cooperative Marketing Federation. Thus, Paddy becomes rice after the removal of husk by threshing. Therefore, rice is a part of paddy and Paddy is the rice grain with husk.

Further in the FAQ issued by TRU Ministry of Finance Department of Revenue (Tax Research Unit) from F. No. 190354/172/2022- dated 17th July, 2022, on the subject FAQs on GST applicability on 'pre-packaged and labelled' goods at point no. 2 of para 2 therein also clarifies regarding exemption from tax specifically on rice. For the sake of reference the same is reproduced hereunder: -

For the purposes of GST, the expression 'pre-packaged and labelled' means a 'pre-packaged commodity' as defined in clause (l) of section 2 of the Legal Metrology Act, 2009, where the package in which the commodity is prepacked, or a label securely affixed thereto is required to bear the declarations under the provisions of the Legal Metrology Act and the rules made thereunder. Clause (l) of section 2 of the Legal Metrology Act reads as below: (l) "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a predetermined quantity. Thus, supply of such specified commodity having the following two attributes would S. No Question Clarification attract GST: (i) It is pre-packaged; and (ii) It is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder. However, if such specified commodities are supplied in a package that do not require declaration(s)/compliance(s) under the Legal Metrology Act, 2009 (1 of 2010), and the rules made thereunder, the same would not be treated as pre-packaged and labelled for the purposes of GST levy. In the context of food items (such as pulses, cereals like rice, wheat, flour etc.), the supply of specified pre-packaged food articles would fall within the purview of the definition of 'pre-packaged commodity' under the Legal Metrology Act, 2009, and the rules made thereunder, if such pre-packaged and labelled packages contained a quantity upto 25 kilogram [or 25 litre] in terms of rule 3(a) of Legal Metrology (Packaged Commodities) Rules, 2011, subject to other exclusions provided in the Act and the Rules made thereunder.

From the above it gets abundantly clear that only those goods of chapter 10, specifically described and listed out at Sr.no. 65 to 72 of the Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017 as amended vide Notification no. 07 / 2022-Central Tax (Rate) dated 13.7.2022 are exempted from whole of tax and not Paddy or for that matter "rejected paddy / damaged paddy". Thus, we come to the considered conclusion that "rejected paddy / damaged paddy" per se procured by the applicant though merits classification under chapter 100610 subject to adherence of the conditions as stipulated under chapter note and section note discussed supra, would be leviable to tax @2.5% CGST + 2.5% CGGST and accordingly is found not eligible to exemption as provided under Sr. no. 70 of amended Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017. The above discussion answers the first three issues raised by the applicant in the instant ARA-01 application.

12.4 Now coming to applicant's query regarding categorization of rejected paddy based on its usage such as animal feed, cattle feed, poultry feed, industrial use, manure etc., this authority finds that the applicant has not furnished any process or method by which such rejected paddy would be converted / produced to animal feed, cattle feed, manure etc. and accordingly it would be practically impossible to conclusively arrive at a decision regarding classification from the GST perspective based on HSN, for want of adequate details in this regard from the applicant. However, this authority based on the details emanating from applicants' application would like to mention here that Animal feeds falls under chapter 2309, cattle feed falls under 2302 and manure falls under 3101, 3102, 3103, 3104 and 3105 of the first schedule of Customs Tariff. As regards Industrial usage no details whatsoever is forthcoming from applicant's side. We would also like to cite reference to CBIC circular no. 179/11/2022-GST dated 3.8.2022 wherein it has been clarified at para 8.7 therein that "the subject goods which inter alia is used as cattle feed ingredient are appropriately classifiable under heading 2302 and attract GST at the rate of 5% vide S. No. 103A of Schedule-1 of notification no. 1 /2017-Central Tax (Rate), dated the 28th June, 2017 and that for the past, the matter would be regularized on as is basis as mentioned in para 8.6".

12.5 We also find that the applicant in their submission, in support of their view has cited reference to Appellate Authority of Advance Ruling, AAAR Uttarakhand ruling in the case of M/s. Sam Overseas vide order no. 08/18-19/30.3.2019. In this regard, as discussed classification of goods is dependent on the conditions stipulated per se and cannot be generalized. Ascertainment of classification of goods is much dependent on the circumstances and adherence to the conditions stipulated. Further as already discussed in the preceding para, section 103 of CGST Act, 2017 stipulates about the ruling pronounced as under: -

The advance ruling pronounced by the Authority, or the Appellate Authority under this Chapter shall be binding only -^

- a. On the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling;
- b. On the concerned officer or the jurisdictional officer in respect of the applicant.~

Thus, in view of the above section 103 of CGST Act, 2017, the ruling given in the cited case would be binding only on the relevant applicant and on the concerned officer or the jurisdictional officer as stipulated above

Having regard to the facts and circumstances of the case and discussions as above, we pass the following

order: -

ORDER

(Under section 98 of the Chhattisgarh Goods and Services Tax Act, 2017)

No.STC/AAR/08/2022 Raipur Dated .../10/2022

The ruling so sought by M/s Shraddha Traders, Jeora Sirsa village, District Durg, Chhattisgarh GSTIN- - 22ACGPJ3748N1ZE the applicant is accordingly answered as under: -

RULING

(a) Rejected paddy seed would merit classification under chapter heading 100610, subject to the compliance of the stipulations and conditions as mentioned in the Section note and chapter note specified therein.

(b) The exemption from whole of tax as provided under Sr. no 70 of Notification no. 02/2017-Central Tax (Rate) dated 28.6.2017 as amended vide Notification no. 07 / 2022-Central Tax (Rate) dated 13.7.2022 is not eligible for supply of "Rejected paddy/ Damaged paddy" for the reasons as discussed above.

(c) "Rejected paddy / Damaged paddy" per se supplied by the applicant, procured by them although merits classification under chapter 100610 subject to adherence of the conditions as stipulated under chapter note and section note discussed supra, would be leviable to tax @2.5% CGST + 2.5% CGGST.

(d) Regarding categorization of rejected paddy based on its usage such as animal feed, cattle feed, poultry feed, industrial use, manure etc., this authority finds that for want of adequate details regarding the process undertaken by the applicant through which such rejected paddy would be converted to animal feed, cattle feed, manure etc., no conclusive ruling regarding classification from the GST perspective based on HSN could be delivered, as discussed in the above paras.

-Sd-

Sonal K. Mishra
(Member)

-Sd-

Abhinav Agrawal
(Member)

Place:- Raipur

Date:- 31.10.2022

Seal:-