

Tamarind inner Pulp without Shell and Seeds not exempted from GST as it is not Agricultural Produce: AAR

Fact of the Case

The applicant has stated that their service is covered under Notification No.11/2017-Central Tax(Rate) dated June 28, 2017 under Sl.No.24(e) Loading unloading packing storage or warehousing of agricultural produce (Heading SAC 9986). Entry no.54 of Notification No.12/2017-CT(Rate) dated June 28, 2017 exempts services relating to cultivation of plants and rearing of all life forms of animals except the rearing of horses, for food, fibre, raw material or other similar products or agricultural produce by way of (e) loading, unloading packing storage or warehousing of agricultural produce.

The applicant, Arun Cooling has sought the advanced ruling on the issue whether the service of cold storage of tamarind inner pulp without shell and seeds are exempted under the purview of the definition of Agricultural produce vide Notification No. 11/2017-C.T.(Rate) and 12/2017- C.T.(Rate) both dated June 28, 2017.

Decision of the Case

The Coram ruled that the product stored is processed by drying the same in the sun and then by beating with wooden sticks to remove the pod and hammered to deseed and destring for extraction of the endocarp/pulp of the Tamarind. This process is not done at farm level. It is done as a Cottage Industry as furnished in the affidavits of the Traders and the Oath of allegiance of the Farmers to whom the storage services are extended by the applicant.

“Therefore, as clarified in the Circular above, the Tamarind which is processed by sun drying, de-shelling, deseeding, the process which are not farm level processes, is not an ‘Agricultural Produce’ as defined under explanation 2(d) of the Notification No. 12/2017-C.T.(Rate) dated 28.06.2017. Once the product for which the storage services are extended is held to be not an agricultural produce then the exemption at Sl.No. 54 of the Notification No. 12/2017-C.T. (Rate) dated 28.06.2017 is not available to the product, irrespective of the class of receivers of the service,” the AAR said.

The Tamil Nadu Authority of Advance Ruling (AAR) ruled that the Tamarind inner pulp without shell and seeds is not exempted from GST as it is not an Agricultural product.