

18% GST payable on selling and manufacturing of Automatic Weighing Machine: Karnataka AAR

Fact of the Case

The applicant, Wave Colour Techniques engaged in the manufacture and supply of machines to farmers and farmer cluster in Grapes and Raisin Processing namely Raisin Wet Processing/ Washing Setup, Raisin Drying Setup, Raisins Dry Process-Cleaning, Grading Setup, Raisins / Dry Grapes Colour Sorting Setup, Raisins De-stemming / Stem Removing Setup and Raisins Weighing Setup.

The applicant states that the process line for raisins includes machines for washing breaking the lumps, automatic sulphuring (it is necessary), removing stones and wood sticks, drying in automatic dryers, curing and removing stems, cleaning and grading, hand picking and finally automatic weighing, packing and packing inside the cartoon boxes. The said machines are related to processing like cleaning. Grading, Drying and Packing of agricultural produced Raisins and Grapes (post harvested).

The applicant has sought advance ruling in respect of the rate of GST applicable on various machines manufactured and sold by the applicant.

Decision of the Case

The Coram of Members ruled that the machinery manufactured and sold by the applicant like Automatic Feeder with Breaker, Drying machine, Cleaning and Grading Machine, and Pre-stem remover are taxable at 6% under the CGST Act, 2017 and 6% under the KGST Act, 2016.

The AAR held that the Automatic Weighing Machine manufactured and sold by the applicant is liable to tax at 9% under the CGST Act, 2017, and 9% under the KGST Act, 2017.

The Karnataka Authority of Advance Ruling (AAR) ruled that 18% GST is payable on the selling and manufacturing of Automatic Weighing Machines.