

## **Pan shop seller not eligible to opt for composition scheme being manufacturing Gutka by mixing ingredients: The AAAR, Madhya Pradesh**

### **Fact of the Case**

The applicant was running pan shop and dealing in all types of products which would be related to pan and necessary items generally accepted in pan shop in general trade parlance. It filed an application for advance ruling to determine whether it would be eligible to opt composition scheme as turnover shall be much less than Rs. 1.5 crores.

### **Decision of the Case**

The Authority for Advance Ruling observed that as per Section 10(2)(b) of CGST Act, the benefit of composition scheme shall not be available to a person who is engaged in supply of goods that are not leviable to tax. Also, as per the Notification No. 14/2019-Central Tax, the persons who are engaged in manufacturing of the Tobacco or Pan Masala, are not eligible for composition scheme.

In the instant case, one of the goods that shall be manufactured and sold from the applicant's Pan Shop is Gutka, containing Tobacco or otherwise which would be similar to Pan Masala. Thus, the preparation of Gutka at the Pan Shop for sale would be covered in the Second Proviso of Notification No. 14/2019-Central Tax. Therefore, benefit of composition scheme shall not be available to applicant.