

## ***No GST payable on Services by way of Transportation of 'Eggs' by Rail from One place to Another: The AAR, Karnataka***

### **Fact of the Case**

The applicant, SAS Cargo has been engaged in the business of freight services and holds lease rights of space/containers in Indian railways. They transport consignment all over India using the leased Indian Railway spaces. The applicant states that the goods transported by them are predominantly agricultural products that are exempt from commercial taxes and their service invoice issued for the same is excluding GST considering Notification 12/2017 dated 28th June 2017. Though the Notification specifies the exemption on transportation services by rail on agricultural produces from GST but it does not clearly mention whether an egg is an agricultural produce.

The applicant has sought the advance ruling on the issue of

- whether eggs or hatcheries are classified under the Agricultural Produces/ Products and yet another issue was in respect of applicability of GST on Transportation Services by Rail on Eggs/ hatcheries under GST Act. Eggs, including hatching eggs, are obtained by rearing chicken (Poultry Farming) directly.
- They are either meant for food or as raw material (hatching eggs) for further propagation and as per the definition of Agricultural Produce, “any produce out of rearing of all life forms of animals, for food, fiber, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for the primary market.” Thus fresh eggs in shells on which no further processing is done are covered under the definition of “Agricultural Produce.”
- There is no condition in the definition that this has to be done by a certain type of person to qualify for the definition.

### **Decision of the Case**

The Coram ruled that eggs on which no further processing is done are covered under the definition of 'Agricultural Produce' as per clause 2(d) of Notification No. 12/2017 -Central Tax (Rate), dated 28th June 2017.

“Services by way of transportation of 'Eggs' by rail from one place in India to another place are exempted as per Serial No. 20 of the Notification No. 12/2017 Central Tax (Rate)dated 28th June 2017,” the AAR ruled.

***The Karnataka Authority of Advance Ruling (AAR) ruled that no GST is payable on Services by way of transportation of 'Eggs' by rail from one place to another.***