

## **18% GST on Parboiling Rice & Drying plant: AAR**

### **Fact of the Case**

The applicant, M/s SKF Boilers and Driers (P) Ltd. has submitted that a paddy processing plant consists of various sections which are involved with the activities of parboiling rice, drying, rice milling, and polishing. Parboiling is a process of soaking, steaming and drying prior to milling.

The applicant has sought advance ruling on the issue of

- ☞ Whether the parboiling and the drier plant is part of rice milling machinery as specified in the Notification dated 28-06-2017 under HSN 8437 issued under the CGST Act, 2017 taxable at 5% (2.5% CGST + 2.5% SGST).
- ☞ Another issue was that if the plant/ machinery is not classified under HSN 8437, whether the same is to be taxed under HSN 8419 at the rate of 18% in the Notification dated 28-06-2017 (9% CGST + 9% SGST).

### **Decision of the Case**

The Coram held that Parboiling and Drying plant is classified under HSN 8419 Entry No.320 at the rate of 18% as per Notification No. 1/2017 -Central Tax (Rate) dated 28th June, 2017 (9% CGST + 9% SGST) as amended vide Notification No.41/2017-Centra1 Tax (Rate) dated the 14th November, 2017

***The Karnataka Authority of Advance Ruling (AAR) ruled that 18% GST is applicable on Parboiling Rice and Drying plant.***