

18% GST payable on Ready-to-Cook Parathas: The AAR, Gujarat

Fact of the Case

The applicant, M/s. Vadilal Industries Ltd submitted that they are producing Paratha, which is a flat and thick piece of unleavened bread eaten like a Roti or Chapati; that various varieties of Paratha are produced and sold by them but the principal ingredient in all the varieties of Paratha is whole wheat flour.

The applicant has sought the advance ruling on the issue in respect of classification of any goods or services or both and applicability of a notification issued under the provisions of the CGST Act.

The applicant contended that rotis are subject to GST at 5% under HSN code 1905 the same should also apply to parathas. The applicant said, "Chapattis, Rotis (fulkas) and parathas share a close resemblance to one another, as not only the method of preparation or cooking but even the manner of use and consumption are same and similar for all such products."

Decision of the Case

The AAR noted that the 'parathas' supplied by the applicant are not 'ready to eat food preparations' OR 'products ready for consumption, but are products on which 'cooking process' needs to be carried out as per the cooking instructions given on the 'packing covers' in order to make them 'ready for consumption.

The Coram said that the applicant's product is not akin to Khakra and plain chapati or roti as they do not require any processing before consumption by humans and hence are ready to eat food preparations.

The AAR added that Parathas are required to be heated on a pre-heated pan or a griddle as per the cooking instructions printed on the packing covers of these products in order to make them ready for consumption. Therefore, we hold that the applicant's contention is not tenable and their product cannot be classified under CTH 1905 of CTA 1975. The AAR ruled that 'Paratha' merits classification at HSN 21069099 and attracts 18% GST.

The Gujarat Authority of Advance Ruling (AAR) ruled that 18% GST is payable on Ready-to-cook parathas.