

**THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560009**

Advance Ruling No. KAR ADRG 23/2020

Date : 23-04-2020

Present:

1. Dr. Ravi Prasad M.P.
Additional Commissioner of Commercial Taxes Member (State Tax)
2. Sri. Mashhood Rehman Farooqui,
Joint Commissioner of Central Tax, Member (Central Tax)

1.	Name and address of the applicant	Sri Mukthenahally Shivakumar Channabasavaiah, M/s SRI BASAVESHWARA CORPORATION 117/10/3, 1st Floor, RMC Link Road, Davanagere, Karnataka-577001.
2.	GSTIN or User ID	29AEWPC0067M1ZZ
3.	Date of filing of Form GST ARA-01	16-10-2019
4.	Represented by	Sri. Shiva Kumar M.C, Proprietor
5.	Jurisdictional Authority - Centre	RANGE-ANWD7
6.	Jurisdictional Authority - State	ACCT, LGSTO-460,Davanagere
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000-00 under CGST Act CIN No. SBIN19102900353179, dt.21-10-2019 and Rs 5,000-00 under SGST Act vide CIN No. CNRB18052900306668 dt.25-05-2018

**ORDER UNDER SECTION 98(4) OF THE CENTRAL GOODS & SERVICES TAX
ACT, 2017 AND UNDER 98(4) OF THE KARNATAKA GOODS & SERVICES TAX
ACT, 2017**

1. Sri Mukthenahally Shivakumar Channabasavaiah, M/s Sri Basaveshwara Corporation, 117/10/3, 1st Floor, RMC Link Road, Davanagere, Karnataka-577001, having GSTIN 29AEWPC0067M1ZZ, has filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of the CGST Rules, 2017 and Section 97 of the KGST Act, 2017 read with Rule 104 of the KGST Rules



SRI BASAVESHWARA CORPORATION

2017, in FORM GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

2. The applicant is a private firm and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:

1. *Rate of tax on sale of Poha Bran or Avalakki Bran or Bran of beaten rice which supplied to cattle feed manufacturing units*

3. The applicant company furnishes some facts relevant to the stated activity:

a) The applicant is a registered dealer engaged in manufacturer and trading of Poha Bran or Bran of beaten rice which is supplied to cattle feed manufacturing units.

b) Poha Bran or Avalakki Bran is an by-product obtained while manufacturing Poha or Avalakki and is used as food for consumption, poha bran which is in powder form with fibre content of 35% and oil content of 2% to 3%, is invariably used as an ingredient in cattle feed manufacturing units.



PERSONAL HEARING / PROCEEDINGS HELD ON 02.01.2020

4. Sri. Shiva Kumar M.C, Proprietor of the applicant appeared for personal hearing proceedings held on 02.01.2020 & reiterated the facts narrated in their application.

4.1 The applicant states that while making poha bran, the paddy is soaked in water to the extent of twenty four hours and subjected to roasting process followed by paddy hulling process and afterwards three by products are available such as Avalakki (Poha) and Mandakki (Puffed rice) and Poha Bran (husk).

5.
~~4.2~~ The composition of the Poha bran contains oil to the extent of 3 to 4 % and fibre to the extent of 35% used the same is used as ingredient for manufacturing of cattle feed or poultry feed is being exempted from payment of taxes. The said

product is partly oil bran and partly de-oiled bran presently classifying under HSN Code 2304 at the rate of 5 percent. Others are of the opinion that the said goods being exempted from the payment of taxes. Hence the applicant is under dilemma and wants to know the right classification of the said goods and tax rate or exempted?



6. **FINDINGS & DISCUSSION:**

6.1 We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri. Shiva Kumar M.C, Proprietor appeared during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

6.2 At the outset, we would like to state that the provisions of both the Central Goods and Services Tax Act, 2017 and the Karnataka Goods and Services Tax Act, 2017 are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the corresponding similar provisions under the KGST Act.

6.3 The said poha bran is nothing but rice bran and is by product of Poha or Avalakki manufacturing process from paddy. Both rice bran and poha bran are derived from Paddy and the constituents of both are same. They are given different commercial names due to the different process of manufacture which give rise to them. Both are used as ingredient for manufacturing of cattle feed. The composition of the poha bran contains oil to the extent of 3 to 4 % and fibre to the extent of 35%. Hence poha bran is nothing but Rice bran.

6.4 As for as classification of Poha bran is concerned the said goods can be classified under HSN chapter /heading vide HSN 2302 40 00. The present classification applied by the applicant for Poha bran under HSN 2304 00 90 is incorrect as it is applicable to those from soyabean.


6.5 Regarding the taxability, The poha bran, which is same as Rice bran as discussed above, is covered under entry no. 103B of Schedule I of Notification

No.1/2017 – Central Tax (Rate) dated 28.06.2017 as amended by Notification No. 6/2018 – Central Tax (Rate) dated 25.01.2018 and the same is liable to tax at 2.5% from 25.01.2018 under the CGST Act. Similarly the same is also liable to tax at 2.5% under the KGST Act, 2017 from 25.01.2018.

RULING

The Poha bran is classified under HSN 2302 40 90 and attracts tax at the rate of 2.5% each under CGST and SGST Act.


(Dr. Ravi Prasad M.P.)
MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009


(Mashhood ur Rehman Farooqui)
MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009



Place : Bengaluru,

Date : 23-04-2020

To,
The Applicant

Copy to :

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Davanagere
4. The Asst. Commissioner, LGSTO-460, Davanagere
5. Office Folder