

AUTHORITY FOR ADVANCE RULING, TAMIL NADU
No.207, 2nd FLOOR, PAPJM BUILDING, No.1, GREAMS ROAD,
CHENNAI 600 006.

ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017

Members present:

Shri C.Thiyagarajan, I.R.S., Additional Commissioner/Member (CGST), Office of the Commissioner of GST and Central Excise, Audit I Commissionerate, Chennai - 600 101.	Shri B.Suseel Kumar, BE., MBA., Joint Commissioner/Member (SGST), Authority for Advance Ruling, Tamil Nadu, Chennai - 600 006.
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Advance Ruling No.47/AAR/2025, dated 17.11.2025

1. Any appeal against this Advance Ruling order shall lie before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-Section (1) of Section 100 of CGST Act 2017/TNGST Act 2017, within 30 days from the date on which the ruling sought to be appealed is communicated.

2. In terms of Section 103(1) of the Act, Advance Ruling pronounced by the Authority under Chapter XVII of the Act shall be binding only-

- (a) On the applicant who had sought it in respect of any matter referred to in sub-section (2) Section 97 for advance ruling.*
- (b) On the concerned officer or the Jurisdictional Officer in respect of the applicant.*

3. In terms of Section 103(2) of the Act, this Advance Ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

4. Advance Ruling obtained by the applicant by fraud or suppression of material facts or misrepresentation of facts, shall render such ruling to be void ab initio in accordance with Section 104 of the Act.

5. The provisions of both the Central Goods and Services Tax Act and the Tamil Nadu Goods and Services Tax Act (herein referred to as the Act) are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Services Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Services Tax Act.

GSTIN Number, if any/User id	33AARPS0595F1ZD
Legal Name of Applicant	LAKSHMANAN SIVALINGAM
Trade Name of Applicant	M/s. LENA MODERN RICE MILL
Registered Address/ Address provided while obtaining User id	3/5 Durugam Road, Neelamangalam, Kallakurichi, Villuppuram district, Tamil Nadu-606202
Details of Application	Submission of form under Advance Ruling 12/2025/ARA dated - 28/03/2025
Jurisdictional Officer	Centre - Chennai Outer Commissionerate, Villupuram Division, Kallakurichi Range. State - Cuddalore division, Kallakurichi zone, Kallakurichi Circle.
Nature of activity (s) (proposed/present) in respect of which advance ruling sought for A. Category B. Description (in brief)	Service provider Proprietor of M/s.Lena Modern Rice Mill has given the premises for installation of Machinery for Rice Mill and Godown for storage of Paddy
Issues on which advance ruling required	1. Classification of any goods or services or both.
Question(s) on which advance ruling is required	Paddy Godown Rent - Taxable or Not

Mr. Lakshmanan Sivalingam, Proprietor of M/s. LENA MODERN RICE MILL, having principal place of business at 3/5 Durugam Road, Neelamangalam, Kallakurichi, Villuppuram district, Tamil Nadu-606202 (hereinafter called as the "Applicant") has registered with GSTIN 33AARPS0595F1ZD under the goods and services tax Act. They have filed this application for advance ruling under Section 97 of the CGST Act, 2017, and corresponding provisions under the Section 97 of TNGST Act, 2017. The Applicant has made a payment of application fees of Rs.5,000/- each under sub rule (1) of Rule 104 of CGST Rules, 2017 and TNGST Rules, 2017.

2. The applicant has stated that the above said premises at 3/5 Durugam Road, Neelamangalam, Kallakurichi, Villuppuram District, consists of Rice Mill, Warehouse, Machinery and storage area. The applicant has given the place to a Tenant, to be used as Godown for storage of Paddy.

3. Applicant's interpretation of law:

3.1 The applicant refers to S.no.54 of Notification no.12/2017-Central Tax (Rate) dated 28.06.2017 and claims exemption from GST on Rent for the Godown used for storage of Paddy. The applicant has sought advance ruling on the taxability or otherwise of Rent received for the Godown used for storage of Paddy.

4. The applicant is under the administrative control of State. The concerned authorities of the Centre and State were addressed to report if there are any pending proceedings against the applicant on the issues raised by the applicant in the ARA application and for comments on the issues raised. Remarks have been received from both the Centre and State Authority and it is seen that there are no pending proceedings on the questions raised in their Advance Ruling Application.

5. Personal Hearing

5.1 The applicant was given an opportunity to be heard in person on 23.09.2025. Shri.R.Rajaganapathy, GST Practitioner appeared for the personal hearing as the authorized representative (AR) of M/s.Lena Modern Rice Mill. The AR reiterated the submissions made in their application for advance ruling.

5.2 The AR stated that the proprietor of M/s.Lena Modern Rice Mill has given the premises for installation of Machinery for Rice Mill and Godown for storage of Paddy. Since the tenant is refusing to pay GST on the Rent for the Godown for storing Paddy, the applicant filed application for advance ruling to know whether GST is payable on the same.

5.3 The Members called for the copies of Rental Agreement and bills raised in respect of the same. The AR assured to send the same shortly. However, copies of the Rental Agreement and the relevant bills showing the Godown Rent for storing Paddy has not been received from the applicant till date.

6. Discussions and Findings:

6.1 We have carefully examined the submissions made by the applicant in their advance ruling application and the submissions made during the personal hearing. We have also considered the issue involved, the relevant facts and the applicant's submission / interpretation of law in respect of question on which the advance ruling is sought.

6.2 We find that the query is liable for admission as it gets covered under Section 97 (2) (b) of CGST/TNGST Act, 2017 under "applicability of a notification issued under the provisions of this Act".

6.3 We find that the applicant, owner of the said premises had given the premises to a tenant for installation of Machinery for Rice Mill and also use the Godown for storage of Paddy. The tenant is refusing to pay GST on the Rent for the Godown for storing Paddy. As such, the applicant has filed this application seeking a ruling as to whether GST is payable on the Rent for Godown used for storing Paddy. In this regard, we observe that the applicant has not produced the Rental Agreement and the relevant bills as undertaken by them during the personal hearing held on 23.09.2025. However, based on the facts of the case presented before us that the Godown is rented out for storage of Paddy, as mentioned in their application and as stated during the personal hearing, we proceed to process the application for advance ruling filed by the applicant.

6.4 In this regard, we find that S.no.24 of Notification no.11/2017-Central Tax (Rate) dated 28.06.2017, states as follows:-

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
24	Heading 9986	<p>(i) Support services to agriculture, forestry, fishing, animal husbandry. Explanation. – “Support services to agriculture, forestry, fishing, animal husbandry” mean –</p> <p>(i) Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—</p> <p>(a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.</p>	Nil	Nil

	<p>(ii) Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables.</p> <p>(iii) Carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce.</p>		
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6.5 We also find that S.no.54 of Notification no.12/2017-Central Tax (Rate) dated 28.06.2017, states as follows:-

Sl. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
54	Heading 9986	<p>Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of—</p> <p>(a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p>	Nil	Nil

		(d) renting or leasing of Agro machinery or vacant land with or without a structure incidental to its use; (e) loading, unloading, packing, storage or warehousing of agricultural produce; (f) agricultural extension services; (g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce.		
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The above said S.no.24 of Notification no.11/2017-Central Tax (Rate) dated 28.06.2017 and S.no.54 of the Notification no.12/2017-CT (Rate) dated 28.06.2017 prescribes 'Nil' rate of GST under Chapter heading 9986 to "Services relating to cultivation of plants and or other similar products or agricultural produce by way of"

e) loading, unloading, packing, storage or warehousing of agricultural produce."

6.6 From the above, it could be seen that services relating to storage or warehousing of agricultural produce would attract 'Nil' rate of GST. The applicant has reportedly given his premises for rent for the purpose of Storing of Paddy. At this juncture, it becomes necessary to ascertain whether Paddy could be termed as an 'agricultural produce'. We note that as per the above referred notifications, 'Agricultural produce' is defined as follows:-

"(vii) "agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, 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 primary market."

6.7 We infer from the above that any produce out of cultivation of plants on which either no further processing is done or such processing is done as usually done by a cultivator or producer without altering the essential characteristics but makes the product marketable for the primary market

would be termed as an 'agricultural produce'. As such, to consider any product as an 'agricultural produce', the following criteria are required to be satisfied, viz.,

- a) It should come from cultivation of plants
- b) no further processing is done
- c) if processing is done, it should be by cultivator or producer
- d) processing should not alter the essential characteristics of the products
- e) Processing should make the product marketable for the primary market.

6.8 We observe that Paddy is the rice grain with its husk, an unprocessed grain harvested from the rice plant. Paddy refers to rice that has been harvested but is still in its husk. It is the raw, unprocessed form of rice that is typically grown in flooded fields. Paddy is often still in the field when it is referred to as such, and it needs to be processed to remove the outer husk. To understand this further, it is necessary to differentiate Paddy from Rice. Rice is the edible, processed grain that remains after the husk is removed from paddy through milling. Rice refers to the edible grain that results from processing paddy rice. After harvesting, paddy rice undergoes milling, which removes the husk and often further processing to produce white rice, brown rice, or other varieties, depending on how much of the bran and germ are retained. To summarise, paddy is the raw, unmilled/unprocessed crop, while rice refers to the milled/processed product that is ready for consumption.


6.9 From the above, we get to understand that Paddy is the product of cultivation, and processing if any, is done by the cultivator to remove the husk. This processing retains the essential characteristics of Paddy and makes it marketable in the primary product. Paddy with husk is not marketable and the process to remove the husk undertaken by the cultivator makes it marketable in the primary market. We get to understand that all the necessary requisites for a product to be termed under 'agricultural produce' is satisfied in respect of Paddy and as such, Paddy is covered under 'agricultural produce'.

6.10 As the services relating to or storage or warehousing of agricultural produce is attracting Nil rate of GST as per S.No.54 of the Notification no.12/2017-CT (Rate) dated 28.06.2017, the Godown rented for storage of Paddy is not taxable under GST.


7. In view of the above, we rule as under:

Ruling

Rent received by the applicant towards offering the Godown for storage of Paddy is not taxable under GST as per S.No.54 of the Notification No.12/2017-CT (Rate) dated 28.06.2017.


(B.SUSEEL KUMAR)
Member (SGST)




(C. THIYAGARAJAN)
Member (CGST)

To

M/s. LENA MODERN RICE MILL
3/5 Durugam Road, Neelamangalam,
Kallakurichi, Villuppuram district, Tamil Nadu-606202 (By RPAD)

Copy submitted to

1. The Principal Chief Commissioner of GST and Central Excise,
26/1, Uthathamar Mahatma Gandhi Road,
Nungambakkam, Chennai 600 034.
2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai 600 005.
3. The Commissioner of GST and Central Excise,
Chennai Outer Commissionerate,
Newry Towers, No.2054, I Block,
1st Avenue, 12th Main Road,
Anna Nagar, Chennai 600 040.

Copy to

1. The Assistant Commissioner (ST),
Kallakurichi Assessment Circle,
S F No 103/5, Ground floor, Neepal Street Extension,
Near STC Bus Depot, Kallakurich, Tamil Nadu, 602 202.
2. Stock File – A1