

**THE AUTHORITY FOR ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560 009**

Advance Ruling No. KAR ADRG 37/2022

Date : 27-10-2022

Present:

1. Dr. M.P. Ravi Prasad

Additional Commissioner of Commercial Taxes

. . . . Member (State)

2. Sri. T. Kiran Reddy

Additional Commissioner of Customs & Indirect TaxesMember (Central)

1.	Name and address of the applicant	M/s. INNOVATIVE NUTRICHEM PVT. LTD., Plot No.512, Jai Hanuman Industries, Belur Industrial Area, Dharwad-580 011.
2.	GSTIN or User ID	29AACCI6914Q1ZW
3.	Date of filing of Form GST ARA-01	10-08-2022
4.	Represented by	Sri. Vijaya Simha P, GSTP & Authorised Representative
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Belgavi Commissionerate, Belgavi (Dharwad-B Range)
6.	Jurisdictional Authority - State	ACCT, LGSTO-310, Dharwad.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- each under KGST Act & CGST Act, through debit from Electronic Cash Ledger vide reference No. DC2904220302798 dated 21.04.2022 and reference No. DC2908220040812 dated 10.08.2022, respectively.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Innovative Nutrichem Pvt. Ltd., (herein after referred to as 'Applicant'), Plot No.512, Jai Hanuman Industries, Belur Industrial Area, Dharwad-580 011, having GSTIN 29AACCI6914Q1ZW, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and



Innovative Nutrichem

Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act.

2. The applicant stated that they are registered under GST and are into the business of manufacture and supply of animal feeds, which are exempted goods under GST, for which they utilize the GTA / Security Services that are covered under Reverse Charge Mechanism (RCM).

3. In view of the above, the applicant has sought advance ruling in respect of the following question:

Whether they are liable to pay GST under RCM for the services procured from the respective service providers being the manufacturer and supplier of exempted goods falling under HSN 23099020.

3.1 **Admissibility of the application:** The question is about the “determination of the liability to pay tax on any goods or services or both” and hence is admissible under Section 97(2)(e) of the CGST Act 2017.

4. **BRIEF FACTS OF THE CASE:** The applicant furnished the facts relevant to the issue that they are the manufacturer and supplier of animal feeds, classifiable under HSN 23099020, which are exempted from GST vide entry No.102 of the Notification No.02/2017-Central Tax (Rate) dated 28.06.2017; they use the services of Goods Transport Agencies (GTA) to transport their products/goods and pay the freight/transportation charges to the transport operators; GTA services fall under Reverse Charge Mechanism (RCM) vide entry No.01 of the Notification No.13/2017-Central Tax (Rate) dated 28.06.2017; they also use the security services, which also fall under RCM vide entry No.14 of the Notification No.13/2017-Central Tax (Rate) dated 28.06.2017, as amended vide notification No.29/2018-Central Tax (Rate) dated 31.12.2018.

5. **Applicant's Interpretation of Law:** The applicant contends that they supply animal feeds (exempted goods) and hence the Reverse Charge Mechanism Notification No.13/2017 dated 28.06.2017 is not applicable to them

PERSONAL HEARING PROCEEDINGS HELD ON 18.08.2022

6. Sri. Vijaya Simha P, GSTP & Authorised Representative of the applicant appeared for personal hearing proceedings and reiterated the facts narrated in their application.

FINDINGS AND DISCUSSION

7. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific



provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

8. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

9. The applicant are the manufacturer and supplier of animal feeds, classifiable under HSN 2309 90 20, exempted from GST vide entry No.102 of the Notification No.02/2017-Central Tax (Rate) dated 28.06.2017. They utilise the services of Goods Transport Agencies (GTA), to transport their products, and Security Services which are covered under Reverse Charge Mechanism (RCM) in terms of entry numbers 01 & 14 respectively of the Notification 13/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No.29/2018-Central Tax (Rate) dated 31.12.2018. In view of this the applicant sought advance ruling in respect of the question as to *whether they are liable to pay GST under RCM on the GTA & Security services utilized as their outward supply is exempted*. In this regard we invite reference to Section 9 of the CGST Act 2017, more specifically to Section 9(1) and 9(3) of the Act, *ibid*.

9. Levy and collection.— (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

10. It could be seen from para 9 supra that Section 9(1) *ibid* is the charging section and Section 9(3) *ibid* is the relevant section for payment of GST under reverse charge basis. Further Notification No.13/2017- Central Tax (Rate) dated 28.06.2017, issued, under Section 9(3) of the CGST Act 2017, by the Central Government on the recommendations of the Council, notifies that on categories of supply of services mentioned in column (2) of the Table below, supplied by a person as specified in column (3) of the said Table, the whole of central tax leviable under



section 9 of the said Central Goods and Services Tax Act, shall be paid on reverse charge basis by the recipient of the such services as specified in column (4) of the said Table. The relevant entries of the table are appended below.

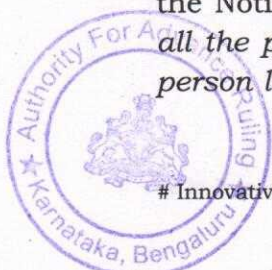
Table

Sl. No.	Category of Supply of Services	Supplier of service	Recipient of Service
(1)	(2)	(3)	(4)
1	Supply of Services by a goods transport agency (GTA) ^{1a} [, who has not paid central tax at the rate of 6%,] ^{1a} in respect of transportation of goods by road to- (a) any factory registered under or governed by the Factories Act, 1948(63 of 1948);or (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any co-operative society established by or under any law; or (d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or (e) any body corporate established, by or under any law; or (f) any partnership firm whether registered or not under any law including association of persons; or (g) any casual taxable person. ^{1e} [Provided that nothing contained in this entry shall apply to services provided by a goods transport agency, by way of transport of goods in a goods carriage by road, to, - (a) a Department or Establishment of the Central Government or State	Goods Transport Agency (GTA)	(a) Any factory registered under or governed by the Factories Act, 1948(63 of 1948); or (b) any society registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law for the time being in force in any part of India; or (c) any co-operative society established by or under any law; or (d) any person registered under the Central Goods and Services Tax Act or the Integrated Goods and Services Tax Act or the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act; or (e) any body corporate established, by or under any law; or (f) any partnership firm whether registered or not under any law including association of persons; or (g) any casual taxable person; located in the taxable territory



	Government or Union territory; or (b) local authority; or (c) Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services.]] ^{1e}		
14	Security services (services provided by way of supply of security personnel) provided to a registered person: Provided that nothing contained in this entry shall apply to, - (i)(a) a Department or Establishment of the Central Government or State Government or Union territory; or (b) local authority; or (c) Governmental agencies; which has taken registration under the Central Goods and Services Tax Act, 2017 (12 of 2017) only for the purpose of deducting tax under section 51 of the said Act and not for making a taxable supply of goods or services; or (ii) a registered person paying tax under section 10 of the said Act.	Any person other than a body corporate	A registered person, located in the taxable territory.]] ^{1f}

11. The applicant, admittedly is a registered person under GST Act and located in the taxable territory. They are the recipients of the services of the Goods Transport Agency and Security services, which are squarely covered under the category of supplies attracting GST liabilities on reverse charge basis, in terms of the Notification supra. Further Section 9(3) of the CGST Act 2017 stipulates that *all the provisions of the CGST Act 2017 shall apply to the recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or*



both, where the tax shall be paid on reverse charge basis by the recipient. Thus the recipient of service is liable to pay GST in respect of the services notified under Section 9(3) of the Act, ibid read with Notification 13/2017-Central Tax(Rate). It is pertinent to mention that GST is levied on the supply of service and liability is fastened independently for each of the supplies. Levy of tax or otherwise on a particular supply does not have a bearing on the taxability of other supplies received or provided by a taxpayer. Thus the exemption provided to the outward supplies of the applicant does not have a bearing on the GST liabilities under reverse charge basis on the supplies received by the applicant.

12. In view of the foregoing, we pass the following

R U L I N G

The applicant is liable to pay GST under RCM, for the services notified and covered under RCM, received from the service providers, in spite of being a manufacturer and supplier of exempted goods falling under HSN 2309 90 20.



(Dr. M.P. Ravi Prasad)

Member

MEMBER

Karnataka Advance Ruling Authority
Place : Bengaluru,
Bengaluru - 560 009

Date : 27-10-2022

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, Belgavi Commissionerate, Belgavi.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-310,Dharwad.
5. Office Folder.



(T. Kiran Reddy)

Member

MEMBER

Karnataka Advance Ruling Authority
Bengaluru - 560 009

