

Joint Commissioner (in-situ), CGST & CX, Ballygunge Division, Kolkata South Commissionerate

Appellate Authority for Advance Ruling — West Bengal

Appeal Case No. 04/WBAAAR/APPEAL/2019 dated 28.02.2019 (Order dat...

Q Questions Before the Authority

- Classification of the services provided in packing of tea bags
- Rate of GST on the said service

F Facts

The Respondent, M/s Vedika Export Tea Pvt. Ltd., acts as a contract packer for M/s Hindusthan Unilever Ltd. (HUL). HUL provides all raw materials, including tea and packaging materials, and the Respondent performs the service of packing the tea into tea bags. The dispute arose over whether this activity constitutes a manufacturing service or a packaging service.

H Ruling

The members of the Appellate Authority differed in their opinion regarding the classification of the service. Consequently, as per the provisions of section 101(3) of the GST Act, it is deemed that no Advance Ruling can be issued in respect of the questions under appeal. The original Advance Ruling No. 36/WBAAAR/2018-19 is deemed to be not in operation.

R Reasoning

The members disagreed on whether the process of filling tea into tea bags constitutes 'manufacturing' under section 2(72) of the GST Act. One member held that the process creates a distinct product and qualifies as a manufacturing service under SAC 9988, taxable at 5%. The other member concluded that the activity does not change the nature of the tea and is a packaging service under SAC 9985, taxable at 18%. Due to this **divergence of opinion** between the two members, the authority could not reach a final ruling.

P Provisions Relied On

Section 2(72) of the GST Act

Section 100(1) of the West Bengal Goods and Services Tax Act, 2017

Section 101(3) of the GST Act

Schedule II of the GST Act

Notification No. 11/2017-CT (Rate) dated 28.06.2017



For the Practitioner

This order serves as a **precedent for a split verdict** where no ruling is issued due to a disagreement between members of the Appellate Authority. It highlights the ongoing ambiguity in classifying contract packing of tea bags as either manufacturing or packaging services. Practitioners should note that this specific order does not provide a definitive classification or tax rate for the activity.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [wb_aaar_04_2019_28.02.2019.pdf](#)

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com