M/s Karnataka Food & Civil Supplies Corporation, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052 (appellant; GSTIN 29AAACK8523F1ZI)

Appellate Authority for Advance Ruling — Karnataka

Order No. KAR/AAAR-14-I/2019-20 Dated **28.02.2020**

Q Questions Before the Authority

- Whether GST is payable on the storage charges paid to Central Warehousing Corporation (CWC) for storage space at Belgaum.
- Whether GST is payable on the entire amount paid as storage charges, or only on the storage of taxable food commodities such as palm oil.

F Facts

The appellant, a Government of Karnataka undertaking that supplies food grains under the Public Distribution System, took 488 sq. metres of storage space at the CWC Central Warehouse, Belgaum, under an authorisation agreement dated 17.07.2015 for five years at Rs 126 per sq. metre per month. CWC charged GST on the storage charges, but the appellant did not pay the GST component, and CWC stopped godown operations. The appellant argued that the service was storage of agricultural produce exempt under Sl. Nos. 54 and 24 of Notification No. 12/2017 CT(R).

H Ruling

Whether the CWC storage service is exempt under Sl. No. 54(d) or (e) (agricultural produce / PDS storage) of Notification 12/2017 CT(R)	****Not exempt.** The service is renting of immovable property (SAC 997212), not storage or warehousing of goods.**	The Authority noted the appellant's Service Tax-era clarification on PDS storage related to the appellant's own service, not CWC's, so it has no relevance.
Whether the exemption under Sl. No. 24 (loading, unloading, storage or warehousing of rice) applies	****Not applicable** as the service is rent of space, not storage or warehousing of goods.**	The Authority did not separately discuss Sl. No. 24 beyond holding that the supply is renting.
Whether GST is payable on the full storage charges, or only on the food commodities stored	****The full rent is taxable** as renting of immovable property; the nature of the goods stored does not change the character of the supply.**	This is implied by the holding; the order does not expressly answer in these words. The 9% CGST and SGST rate is stated in the upheld advance ruling, not separately in this order.

The Appellate Authority upheld the advance ruling and dismissed the appeal on all counts. It held that the service

CWC supplies to the appellant is renting of immovable property, not a storage or warehousing service, and is therefore not exempt. The rent paid is taxable in CWC's hands under the category of rental services involving non-residential property (SAC 997212).

R Reasoning

The Authority distinguished 'storage or warehousing' services, where the provider handles loading, stacking, inventory, security and insurance, from mere renting of premises, where the provider supplies only space. Under the agreement CWC supplied only 488 sq. metres of space, with the appellant controlling its own stock accounting, security personnel and utilities. It therefore treated the supply as renting of immovable property. It also held that the question concerns the service supplied by CWC, not the appellant's own taxable supplies, so the earlier Service Tax clarification was irrelevant. The order relies on Section 95(a) and Section 100 of the CGST Act and on the exemption entries in Notification 12/2017 CT(R).

P Provisions Relied On

- Section 95(a), CGST Act 2017 (definition of advance ruling)
- Section 97(2) and Section 100(1), CGST Act 2017
- Section 100(2) and proviso, CGST Act 2017 (30-day limit for appeal and power to condone delay of 19 days)
- Notification No. 12/2017 CT(R) dated 28.06.2017, Sl. No. 54(d) and (e)
- Notification No. 12/2017 CT(R) dated 28.06.2017, Sl. No. 24
- Notification No. 11/2017 CT(R) dated 28.06.2017, entry 16 (as cited in the advance ruling under appeal)
- SAC 997212 (rental or leasing services involving own or leased non-residential property)

! For the Practitioner

A recipient of warehouse space can use this order to show that a rent-only arrangement with a warehousing body is treated as taxable renting of immovable property, not an exempt storage service. This matters most for PDS or agricultural storage contracts where the provider leases bare space. The order does not decide whether a provider offering full warehousing services, such as handling, inventory and security, would be exempt, and it does not resolve the appellant's own supply position.

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 -> kar_aaar_14-i_2019-20_karfoodcivilsupplies.pdf

Prepared 19-11-2026.

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