M/s S.K. Aagrotechh, Survey No. 114, Gottigehalli Road, Kaggalalli, Kanakapura Taluk, Ramanagar District (appellant; GSTIN 29ADBFS9479D1ZK)

Appellate Authority for Advance Ruling — Karnataka

ORDER NO:-KAR/AAAR/05/2019-20 Dated:-24.12.2019 (Karnataka Appell… Dated **24.12.2019**

Q Questions Before the Authority

- Whether pooja oil can be classified under tariff item 1518 of Schedule-I (taxable at 5%) or Schedule-II (taxable at 12%) of Notification No. 1/2017-Central Tax (Rate) dated June 28, 2017, as amended from time to time?

F Facts

The appellant is a partnership firm and wholesale dealer in edible oil. It manufactures 'Pooja Oil' by mixing rice bran, sesame (gingelly), coconut, castor and mahua vegetable oils in agreed proportions in a tank, testing the mix, adding a small quantity of fragrance, and bottling it in PET bottles for sale. The appellant admits the fragrant product is inedible and is used only for lighting diyas or lamps. The advance ruling application asked whether this product falls under Schedule I (5%) or Schedule II (12%) of the rate notification.

H Ruling

Classification and GST rate of Pooja Oil under Notification No. 1/2017-CT(R)	****Schedule II, entry 27**: 6% CGST, 6% KGST, 12% IGST. HSN 1518 00 40 (inedible mixtures of vegetable fats or oils)**	The order contains no separate RULING section with numbered answers. This row reflects its operative findings and the dismissal of the appeal. Applies on the finding that the product is inedible, is a mixture of vegetable oils with fragrance, and is not chemically modified or processed. Schedule I entry 90 (5%) was held not to apply.

The appellate authority dismissed the appeal and upheld the advance ruling in KAR ADRG 49/2019. It held that Pooja Oil is an **inedible mixture of vegetable oils** not covered by Schedule I entry 90, because no boiling, oxidising, or other chemical modification is involved. It is taxable under **Schedule II entry 27** at 6% CGST, 6% KGST, and 12% IGST. The Andhra Pradesh ruling relied on by the appellant was held to have no persuasive value.

R Reasoning

The authority read Heading 1518 of the Customs Tariff, which the GST rate notification splits between vegetable oils (Schedule I entry 90, limited to oils subjected to boiling, oxidation, or other chemical modification) and inedible mixtures (Schedule II entry 27). It relied on the HSN Explanatory Notes to heading 15.18 to hold that the processes listed in entry 90 are not applied to Pooja Oil. It then found that the product is an inedible mixture not elsewhere specified, which places it in sub-heading 1518 00 40 and within entry 27. The appellant's Rule 3(a) of the General Rules of Interpretation argument failed because sub-heading 1518 00 39 was not applicable. The

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Agarwal Industries ruling was discounted because it did not discuss the manufacturing process.

P Provisions Relied On

- Section 100 of the CGST Act, 2017 and corresponding Section 100 of the KGST Act, 2017 (appeal)
- Section 101 of the CGST Act, 2017 and corresponding Section 101 of the KGST Act, 2017 (appellate ruling)
- Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 (cited as 28.06.2017 in the order; para 2 prints 28.07.2017), en…
- Customs Tariff Heading 1518 and sub-headings 1518 00 39 and 1518 00 40
- Chapter 15 headings 15.16, 15.17 and 15.18 of the Customs Tariff
- Rule 3(a) of the General Rules of Interpretation (as argued by the appellant)
- HSN Explanatory Notes to heading 15.18

! For the Practitioner

This order helps a practitioner classify blended vegetable oil products that are inedible, fragranced, and not chemically modified (for example, lamp or puja oils) under Schedule II entry 27 at 6% CGST and 6% KGST. It also shows that a non-binding advance ruling carries little weight unless it discusses the manufacturing process. The order does not decide the rate for edible vegetable oil blends, or for vegetable oils that have been chemically modified, which fall under Schedule I entry 90. Its finding rests on the appellant's own description of the process and of the product's inedibility.

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_05_2019-20_24.12.2019.pdf

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