M/s G.N. Chemicals, 27/13, Nehru Nagar West, Bhilai, Chhattisgarh (C.G.), GSTIN 22AAFFG5162J1ZJ

Authority for Advance Ruling — Chhattisgarh

No.STC/AAR/04/2018, Raipur, dated 05.09.2018 (as printed: 'No.STC/AAR… Dated **05.09.2018**

Q Questions Before the Authority

- What is the GST rate applicable on Neem Seed under HSN 1211: 0% (contended by the applicant as 'goods of seed quality' and for all forms) or 5% (for goods other than seed quality)?
- The applicant also sought rulings on the rate of tax on neem oil extraction and its sale, and on organic manure made from de-oiled cake and husk of neem. The order does not answer these; the jurisdictional officer's report states the manure query cannot be answered without disclosure of the manufacturing process.

F Facts

M/s G.N. Chemicals is a dealer engaged in re-refining used oil. It proposed to add an agro-division trading in Neem Seed, with a later plan to extract Neem Oil from the seed. Before starting this business, it sought clarity on the GST rate applicable to Neem Seed under HSN 1211, arguing that the seed is of 'seed quality' and so taxable at 0%.

H Ruling

Neem seeds in frozen or dried form, supplied by the agro-division for the purpose stated by the applicant	**2.5% SGST and 2.5% CGST (5% in total), under Notification No. 1/2017-State Tax (Rate), Serial No. 73, Chapter 1211**	Applies because the seeds are **not of seed quality**. The authority relied on the reading of the HSN 1209 sowing entry and the Seeds Act, 1966. The 0% entry for fresh or chilled goods was not applied.
Neem seed powder, supplied by the agro-division for the intended purpose stated by the applicant	**2.5% SGST and 2.5% CGST (5% in total)**	The order ties the rate to the specified intended purpose and the agro-division business of the applicant at Bhilai.

The Authority held that neem seeds supplied in frozen or dried form, which are **not of seed quality** , are taxable at **2.5% SGST and 2.5% CGST** . Neem seed powder supplied for the intended purpose stated by the applicant is likewise taxable at 2.5% SGST and 2.5% CGST. The applicant's claim for 0% treatment was rejected.

R Reasoning

The Authority read HSN 1211 together with the Chapter 12 heading, which covers goods 'other than seed quality', and noted that HSN 1211 carries a 0% entry only for plants and parts that are fresh or chilled and a 5% entry for those that are frozen or dried or powdered. It held that 'seed quality' denotes germination, purity and genetic standards, and that the applicant's common-parlance argument failed because dried neem fruit is not

commercially identified as seed for sowing. The HSN 1209 nil entry covers only seed of a kind used for sowing, and the Seeds Act, 1966 (sections 5 to 9) was relied on to define seed quality. On this basis the Authority concluded the goods fall within the 5% entry.

P Provisions Relied On

- Section 98 of the Chhattisgarh Goods and Services Tax Act, 2017 (advance ruling)
- Notification No. 1/2017-State Tax (Rate), dated 28.06.2017, Serial No. 73, Chapter 1211 (file ref. F-10-43/2017/CT/V(69))
- HSN heading 1209 (seeds of a kind used for sowing) and heading 1211 (plants and parts used in perfumery, pharmacy or ins…
- Chapter 12 of the HSN, including the 'All goods other than seed quality' heading and the General Rules for interpretation
- Seeds Act, 1966, sections 5 to 9 (seed quality standards), as cited in the order

! For the Practitioner

The ruling gives a practitioner a clear Authority position that neem seed sold for industrial or pharmaceutical use, and not certified for sowing, attracts 5% GST (2.5% CGST plus 2.5% SGST) and not the nil rate. It is useful for agro-trading businesses dealing in HSN 1211 seed. The order does not decide the rate on neem oil extraction or sale, nor on organic manure made from de-oiled cake, which the officer's report said could not be answered without process details. It is binding only on the applicant and the Chhattisgarh authorities.

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 -> chhtgrh-04_2018-05.09.18-gnc.pdf

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

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

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

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

Ahmedabad
Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp…

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