M/s Karnataka Co-operative Milk Producers Federation Ltd., (Formerly known as KMF)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 88/2019, Date: 26-09-2019 Dated **26.09.2019**

Q Questions Before the Authority

- Whether the Flavoured Milk is liable to be classified under HSN 0402 99 90 or under 2202 99 30 or under any other Chapter?

F Facts

The applicant processes milk and manufactures and markets Flavoured Milk, a ready-to-consume drink supplied in tetrapacks or bottles. It classifies the product under HSN 0402 99 90 and pays tax at 5%. Its test report gives the composition as 91.44% milk, 8.5% sugar, 0.05% flavour and 0.01% colour.

H Ruling

Classification of Flavoured Milk (HSN 0402 99 90 or 2202 99 30 or other Chapter)	**Classified under tariff heading 0402 99 90**	The ruling itself does not state the GST rate. The reasoning rejects 2202 99 30 and does not discuss any other Chapter in the ruling text.

The authority held that Flavoured Milk is classified under tariff heading 0402 99 90. It rejected the competing entry under heading 2202 (beverages containing milk, 2202 99 30) because the milk, not water, is the predominant constituent, and it treated flavoured milk as a form of milk.

R Reasoning

The authority found that flavoured milk is milk with added sugar and flavour, so heading 0404 (residual entry for natural milk constituents) and 0405 and 0406 do not fit. It relied on the Milk and Milk Products Order 1992 in Schedule II of the Food Safety and Standards Act, 2006, which includes flavoured milk within 'milk', and on the Allahabad High Court decision in Gujarat Co-op Milk Marketing Federation v State of UP. For heading 2202, it held that the heading is water-based and that **the predominant constituent of this product is milk** , so 2202 99 30 does not apply. Heading 0402 covers milk containing added sugar, which the product falls within.

P Provisions Relied On

CGST Act, 2017 s.97 and s.98(4); KGST Act, 2017 s.97 and s.98(4)

CGST Rules, 2017 and KGST Rules, 2017, Rule 104

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

Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, Explanations (iii) and (iv) on tariff headings and interpretation

Customs Tariff Act, 1975, First Schedule: Chapter 4 (headings 0401 to 0406, including 0404 9000), Chapter 22 (heading 220…

Customs Interpretation Rule 3(a)

Food Safety and Standards Act, 2006, Schedule II (Milk and Milk Products Order, 1992), s.2(f)

Food Safety and Standards Regulations, 2011, s.2.1.3 (as cited by the applicant)

Board of Revenue, Ernakulam v PIO Food Packers, 46 STC 63 (SC) (cited by the applicant)

Commissioner of Central Excise v Amrit Foods, 2015 (324) ELT 418 (SC) (cited by the applicant)

Gujarat Co-op Milk Marketing Federation v State of Kerala, 2008 15 VST 384 (Ker) (cited by the applicant)

Gujarat Co-op Milk Marketing Federation Ltd v State of UP, 2017 (5) GSTL 351 (All)

! For the Practitioner

Dairy processors selling sweetened, flavoured milk can use this ruling to support classification under 0402 99 90 where milk is the predominant constituent and the product contains no alcohol. It settles the choice against heading 2202 for such products. It does not decide the applicable GST rate, which the ruling does not state, nor does it address flavoured dairy drinks in which milk is not the predominant ingredient. As an advance ruling it binds only the applicant and the jurisdictional 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 -> kar_aar_88_2019_26.09.2019_kcmpfl.pdf

Prepared 11-11-2026.

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