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

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 112/2019, Date: 30-09-2019 Dated **30.09.2019**

Q Questions Before the Authority

- Whether the applicant, which hires a godown of the Central Warehousing Corporation at Belgaum and pays storage charges for the agreed space, is liable to pay GST on the total storage charges, or only on the taxable storage of food commodities such as palm oil, and whether GST is payable on the storage charges at all.

F Facts

The applicant distributes rice, wheat, palm oil, toor dal, salt and other commodities under the Public Distribution System allocated by the Government of Karnataka. It hires space in a Central Warehousing Corporation godown at Belgaum under an agreement for 488 square metres for five years from 20.06.2015, at Rs.126 per sq metre per month on gross area, and stores commodities that include both exempt and taxable goods. The Corporation charged GST on the storage charges under that agreement.

H Ruling

Liability to GST on total storage charges under the CWC godown agreement	****Taxable as renting of commercial space in immovable property**, SAC 997212, at 9% CGST and 9% KGST**	Authority held the arrangement is not a storage service of goods, so the exemption for storage of agricultural produce was not applied. Rates are under entry 16 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 and entry 16 of Notification (11/2017) No. FD 48 CSL 2017 dated 28.06.2017.

The Authority held that the services provided by the Central Warehousing Corporation are renting of commercial space in immovable property and not a storage service for goods. The whole arrangement is therefore taxable at **9% under CGST and 9% under KGST** , and the ruling does not split the charge by the nature of the goods stored.

R Reasoning

The Authority examined the agreement terms and found that the applicant obtained exclusive use of a defined area, with its own stock accounting, security personnel, utilities and insurance, and was bound to bear taxes and forbidden to sub-let. On that basis it treated the service as renting of immovable property rather than warehousing of goods. Because the service falls under SAC 997212, the charge attracts 9% CGST and 9% KGST under entry 16 of the respective Notification 11/2017. The applicant had argued that storage of rice and agricultural produce is exempt under entries 24 and 54 of Notification No. 12/2017-Central Tax (Rate), but the order does not accept that

argument for this arrangement. The order does not address apportionment between exempt and taxable commodities.

P Provisions Relied On

Section 97 of the CGST Act, 2017 and KGST Act, 2017 (advance ruling application)

Section 98(4) of the CGST Act, 2017 and KGST Act, 2017 (order)

Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, entry 16

Notification (11/2017) No. FD 48 CSL 2017 dated 28.06.2017, entry 16 (Karnataka)

SAC 997212 (renting of commercial space in immovable property)

! For the Practitioner

This ruling helps government and PDS bodies, and other entities that hire godown space on a dedicated basis, by treating the whole charge as taxable rent at 9% CGST and 9% KGST rather than as an exempt storage service. It settles that dedicated-space warehousing agreements of this kind are classified as renting of immovable property. It does not decide whether storage of rice or other agricultural produce qualifies for entries 24 or 54 of Notification 12/2017 in a warehouse-service arrangement, and it binds only the applicant.

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_112_2019_kfcsc_30.09.19.pdf

Prepared 11-11-2026.

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