M/s Lakhpat Trading & Industrys Pvt. Ltd., G-72/73, 79/80, Phase-1, Boranada, Jodhpur, Rajasthan 342012 (GSTIN 08AACCL5668C1ZH)

Authority for Advance Ruling — Rajasthan

Advance Ruling No. RAJ/AAR/2019-20/31, dated 28.01.2020 (F.No. AAR/I… Dated **28.01.2020**

Q Questions Before the Authority

- What is the GST rate on copra, i.e. edible dried coconut for human consumption?
- What is the GST rate on copra, i.e. inedible dried coconut for expression of coconut oil?
- What is the GST rate on dried coconut not used in expression of coconut oil?
- What is the GST rate on dried coconut used in expression of coconut oil?
- What is the GST rate on desiccated coconut, that is dried and shredded flesh of coconut used for culinary purpose?

F Facts

The applicant is a supplier of coconuts, copra and desiccated coconut. It states that a dried coconut is first fit for human consumption and later becomes unfit, and that a seller cannot know whether the buyer will use dried coconut for human consumption or for milling (oil expression). It therefore contends that classifying dried coconut by end use is not an appropriate basis for fixing the GST rate.

H Ruling

Copra other than seed quality (questions a and b: copra, edible or inedible)	**GST at 5% (CGST 2.5% + SGST 2.5%)**	Applies to copra other than seed quality, under heading 1203. Seed-quality copra is outside this ruling.
Coconuts, fresh or dried, whether or not shelled or peeled (questions c and d: dried coconut used or not used for oil expression)	**NIL rate of GST**	The ruling does not separate dried coconut by end use. The order's numbering shows this item as '(ii)', the same as the next item; it is read here as the second item.
Desiccated coconut, dried and shredded flesh used for culinary purpose (question e)	**GST at 5% (CGST 2.5% + SGST 2.5%)**	The item is numbered '(ii)' in the scan; it is read here as the third item of the RULING.

The authority ruled that copra other than seed quality attracts **GST at 5% (CGST 2.5% + SGST 2.5%)** . It ruled that coconuts, fresh or dried, whether or not shelled or peeled, attract **NIL rate of GST** , and that desiccated coconuts attract GST at 5% (CGST 2.5% + SGST 2.5%). The rate is fixed by the product classification, not by the buyer's end use.

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

R Reasoning

The authority relied on the exemption entry for heading 0801 in Notification No. 2/2017-Central Tax (Rate) (S.No. 47), which exempts coconuts, fresh or dried. It relied on Notification No. 1/2017-Central Tax (Rate) (S.No. 66) for copra other than seed quality at 5%, and on the 5% entry for desiccated coconuts in the same notification. It also relied on the clarification issued by the Tax Research Unit, Ministry of Finance (F.No. 332/2/2017-TRU, December 2017, Q.13). That clarification states that, per the HSN Explanatory Notes, heading 0801 excludes copra (dried flesh of coconut used for expression of coconut oil), which falls under heading 1203 at 5%. The jurisdictional officer's comments, which the authority reproduced, took the same view and noted that the notifications make no distinction by end use.

P Provisions Relied On

- Section 97(2)(a) of the CGST/SGST Act, 2017 (classification of goods or services)
- Section 100 and Section 99 of the CGST/RGST Act, 2017 (appeal to the Appellate Authority)
- Section 5(1) of the IGST Act, 2017, as cited by the jurisdictional officer
- Notification No. 2/2017-Central Tax (Rate), dated 28.06.2017, S.No. 47 (heading 0801, coconuts fresh or dried, exempt)
- Notification No. 1/2017-Central Tax (Rate), dated 28.06.2017, S.No. 66 (heading 1203, copra other than seed quality, 5%)
- Notification No. 1/2017-Central Tax (Rate), dated 28.06.2017 (as amended), S.No. 27 (heading 0801, desiccated coconuts, 5…
- Clarification F.No. 332/2/2017-TRU, December 2017, Q.13, citing the HSN Explanatory Notes

! For the Practitioner

A supplier of copra or dried coconut can rely on this ruling for the fixed rates: 5% for copra other than seed quality, NIL for coconuts under heading 0801, and 5% for desiccated coconut. The ruling settles that rate follows product classification and does not turn on the buyer's end use. It does not separately decide the applicant's argument that a seller cannot know the end use, and it is a ruling binding only on the applicant, so the full order should be read before it is cited for other products or for seed-quality copra.

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 -> raj_aar_31_2019-20_28.01.2020_ltipl.pdf

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