M/s. Pratham Agro vet Industries

Authority for Advance Ruling — Gujarat

ADVANCE RULING NO. GUJ/GAAR/R/05/2020 (in Application No. Advan… Dated **17.03.2020**

Q Questions Before the Authority

- Under which tariff heading is the product 'Rice Bran (22+oil)' covered, and what rate of CGST and SGST applies to its supply?

F Facts

The applicant processes rice husk of poha and mamra, which carries about 5% oil, together with sludge or wax oil. It states that the process raises the oil content of the husk to 22% or more and produces 'Rice Bran (22+oil)' and Non Edible C grade oil. The rice bran is sold for use in manufacturing oil-based soap, and a test certificate recorded 26.51% oil.

H Ruling

Tariff heading and CGST/SGST rate for 'Rice Bran (22+oil)'	**Chapter heading 38259000; 9% CGST and 9% SGST under Sr. No. 98 of Schedule III of Notification No. 1/2017-Central Tax (Rate) and the corresponding SGST notification**	The Authority held the product is not rice bran. The classification rests on the applicant not disclosing its processes, and the applicant's claim of 5% under Chapter 2302 was not accepted.

The Authority held that the product is not Rice Bran, because it is not obtained by milling rice and consists of rice husk and sludge or wax oil. In the absence of a description of the actual process, it classified the product under the residual entry for miscellaneous chemical products, heading 3825 (Chapter 38259000). It held that the product attracts 9% CGST and 9% SGST under Sr. No. 98 of Schedule III.

R Reasoning

The Authority relied on the dictionary meaning of rice bran, a product of milling rice, and found that the applicant's inputs and process did not fit that description. Because the applicant had not described its processes, it treated the output as a combination of rice husk and sludge or wax oil. Under Explanation (iii) of Notification No. 1/2017-Central Tax (Rate), tariff headings are read from the First Schedule to the Customs Tariff Act, 1975, and sub-heading 3825 covers residual products of the chemical or allied industries not elsewhere specified. The rate was taken from Sr. No. 98 of Schedule III. The advocate's argument under Notification No. 6/2018-Central Tax (Rate) dated 25.01.2018, which inserted entry 103B for rice bran (other than de-oiled rice bran) at 5% under Chapter 2302, was not accepted.

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

P Provisions Relied On

- Section 97(2)(a) of the CGST/GGST Act, 2017 (classification of goods, as the question raised)
- Notification No. 1/2017-Central Tax (Rate), Explanation (iii)
- Notification No. 1/2017-Central Tax (Rate), Schedule III, Sr. No. 98
- First Schedule to the Customs Tariff Act, 1975, heading/sub-heading 3825
- Notification No. 6/2018-Central Tax (Rate) dated 25.01.2018, entry 103B (cited by the applicant's advocate, not accepted)
- Chapter 2302 (cited by the applicant, not accepted)

! For the Practitioner

The ruling is useful for businesses that recover oil from rice husk or similar residues and try to sell the result as rice bran at the lower 5% rate, since it shows the authority will look at the actual process and the ordinary meaning of the product. It rests heavily on the applicant's failure to describe its process, so its weight is limited to similar fact patterns. It does not decide whether genuine rice bran, or de-oiled rice bran, falls within the 5% entry under Chapter 2302.

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 -> guj_aar_05_2020_17.03.2020_pavi.pdf

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