S.318 Rasipuram Agricultural Producers Co-operative Marketing Society Ltd.,

Authority for Advance Ruling — Tamil Nadu

ORDER No.11/AAR/2020 Dated: 27.02.2020 Dated **27.02.2020**

Q Questions Before the Authority

- Whether there is any purchase/sale involved in the process of auction of agricultural produce (cotton) conducted by the Rasipuram Agricultural Producers Co-operative Marketing Society?
- Whether the Society is liable to pay tax under Reverse Charge Mechanism in the capacity of being an auctioneer?
- Whether service tax is payable on receipt of commission, godown rent and interest in respect of services provided to agricultural produce?
- Whether the merchants (registered persons) who directly purchase cotton from the agriculturist through auction conducted by the Society are liable to pay tax on the basis of Reverse Charge Mechanism?

F Facts

The applicant is a cooperative society registered under the Tamil Nadu Co-operative Societies Act, which arranges auctions of cotton produced by its member agriculturists. It states that title to the produce stays with the farmers, that it acts only as an auctioneer or commission agent on the lines of a middleman, and that it issues no tax invoice. It collects godown rent, handling charges, insurance and interest on delayed payments from merchants. The application was filed on 01.10.2019, while Central tax authorities were already investigating the applicant.

H Ruling

The authority did not admit the application and rejected it under the first proviso to Section 98(2) of the CGST/TNGST Act 2017. The same questions were already pending before the Central tax authorities when the application was filed, so the merits were not examined. The order contains no answers to the four questions.

R Reasoning

The authority found that the Central tax authorities had initiated proceedings on the same issues, with statements recorded under Section 70 of the CGST Act on 13.09.2019, before the application was filed on 01.10.2019. It treated the first proviso to Section 98(2) as **barring admission where the question raised is already pending or decided in proceedings under the Act** . It noted that the applicant accepted this fact at the personal hearing, though the application did not disclose it. Because the bar applied, the authority rejected the application without going into the merits.

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

P Provisions Relied On

Section 98(2) of the CGST Act 2017 and the TNGST Act 2017, including the first proviso

Section 70 of the CGST Act 2017 (statements recorded from the applicant's signatories)

! For the Practitioner

This order is useful where the applicant is already under departmental investigation on the same questions, because the AAR will reject the application at the threshold. A practitioner should check for pending proceedings before filing and disclose them in the application. The order does not decide whether auction commission or the auctioneer's services attract GST, whether reverse charge applies, or whether merchants are liable, so the substantive position remains open.

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_->_tn_aar_11_2020_27.02.2020_rapcmsl.pdf

Prepared 19-11-2026.

About Patron Accounting LLP

Patron Accounting LLP is a CA and CS-led accounting and compliance firm working with businesses across India since 2019 — bookkeeping, GST, income tax, payroll, company and LLP compliance, audit and the certificates banks and regulators ask for.

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