The Tiruchengode Agricultural Producers Co-operative Marketing Society Ltd., Tiruchengode

Authority for Advance Ruling — Tamil Nadu

ORDER No.10/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 Tiruchengode 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 or not 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 registered cooperative marketing society whose principal object is to act as agent or auctioneer, arranging merchandise auctions of its member agriculturists' produce, principally cotton, on a commission basis. The society says it never takes title to the goods, does not issue tax invoices, and only remits sale proceeds to farmers after collecting them from merchant buyers, along with godown rent, insurance, handling charges and late-payment interest. Central tax authorities had already initiated investigation and recorded statements under Section 70 of the CGST Act on 07.09.2019, before the application was filed on 01.10.2019.

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, because the issues raised were already pending before the Central tax authorities. The authority held that the applicant had not disclosed this pending proceeding in its application, though it accepted the fact at the personal hearing. The questions were therefore rejected without any examination of their merits.

R Reasoning

The authority examined the comments of the Central and State jurisdictional officers and found that the Central tax authorities had initiated proceedings on the same issues, with statements recorded under Section 70 on 07.09.2019. Since the application was filed on 01.10.2019, while those proceedings were pending, the bar in the first proviso to Section 98(2) applied. The authority noted that the applicant had accepted the pending status at the personal hearing even though the application did not mention it. The bar operates regardless of the merits, so the order expresses no view on the classification, exemption or reverse charge questions.

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 corresponding TNGST Act provision), first proviso

Section 70 of the CGST Act, 2017 (referred to as the basis of the Central investigation; not applied by the authority)

! For the Practitioner

This order is useful mainly to practitioners who should first check whether the Central or State tax department already has proceedings on the same issues, since a pending matter means the application will not be admitted. It also shows that an applicant must disclose any pending proceedings in the application itself. The order does not decide whether auction commission for cotton is exempt, whether reverse charge applies to the society or to the merchant buyers, or how godown rent and interest are taxed. Those questions remain open and are not settled by this ruling.

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_10_2020_27.02.2020_ttapcmsl.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