Vivek V. Ratnaparkhi, M/s. Madhurya Chemicals

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-33/2019-20/B-40, Mumbai, dated 18/03/2020 (as printed on… Dated **18.03.2020**

Q Questions Before the Authority

- Whether the classification of 'Shatamrut Chyavan' under TSH 2309 90 10 of the Customs Tariff Act, 1975 as adopted under GST, attracting NIL rate (0% IGST, 0% CGST + 0% SGST) as per the list of exempted goods at Sr. No. 102 of Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017, is correct or not.
- Whether the goods falling under TSH 2309 90 10 of the Customs Tariff Act, 1975 as adopted under GST can be treated as 'waste of sugar manufacture, whether or not in the form of pellets under heading 2303', attracting 5% IGST (2.5% CGST + 2.5% SGST) as per Schedule I (Sr. No. 104) of Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, or not.

F Facts

The applicant manufactures and markets 'Shatamrut Chyavan', a molasses-based product described as a nutritional supplement to cattle feed and not a complete cattle feed in isolation. The product is made from sugarcane molasses, which forms the major ingredient, mixed with about 15 other ingredients and anti-fermenting agents and preservatives. The applicant had classified it under TSH 2309 90 10 at NIL rate and now contends it falls under heading 2303 at 5%.

H Ruling

Q1: Classification of 'Shatamrut Chyavan' under TSH 2309 90 10 attracting NIL rate under Sr. No. 102 of Notification 02/2017-CT(Rate)	**Answered in the affirmative: correct. NIL rate (0% IGST, 0% CGST + 0% SGST).**	The product is not used in isolation as cattle feed but its end use is cattle feed only, and it is capable only of specific animal feed use. The applicant's claim under heading 2303 at 5% was rejected.
Q2: Whether goods under TSH 2309 90 10 can be treated as 'waste of sugar manufacture, whether or not in the form of pellets under heading 2303' attracting 5% GST under Sr. No. 104 of Notification 01/2017-CT(Rate)	**Not answered.**	The authority held the question was general, not connected to a specific product supplied or proposed to be supplied by the applicant, and not within section 97(2). It did refrain from deciding the heading 2303 point on the merits.

The authority held that the product is a prepared animal feed falling under Chapter Heading 23.09 and is correctly classified under TSH 2309 90 10, so it attracts NIL rate under Sr. No. 102 of Notification 02/2017-CT(Rate). The authority declined to answer the second question, which it found general in nature, not linked to any product the applicant supplies or proposes to supply, and outside the matters specified in section 97(2).

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

R Reasoning

The authority accepted that the product is a molasses-based preparation of a kind used in animal feeding, which takes it within Chapter 23.09 under the General Note and Note 1 to Chapter 23 and the Explanatory Notes on sweetened forage and supplementary feeds. It found that the product is nothing but prepared animal feed, capable of specific use as a feed supplement and not of general use, and that its end use is cattle feed only. Chapter Heading 23.03 covers only residues such as starch residues, beet pulp, bagasse and other waste of sugar manufacture, and the Explanatory Notes exclude molasses, so the applicant's heading 2303 claim failed. Because Chapter 23.09 falls under TSH 2309 90 10, Sr. No. 102 of Notification 02/2017-CT(Rate) applied to give NIL rate. The authority declined to answer the second question on jurisdictional grounds under section 97.

P Provisions Relied On

- Section 97 of the CGST Act, 2017 and the MGST Act, 2017 (scope of advance ruling; subsection 2)
- Section 98 of the CGST Act, 2017 and the MGST Act, 2017 (procedure and order)
- Notification No. 02/2017-Central Tax (Rate) dated 28.06.2017, Sr. No. 102 (NIL rate for aquatic, poultry and cattle feed and re…
- Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017, Schedule I, Sr. No. 104 (5% rate for heading 2303 residues)
- Customs Tariff Act, 1975 as adopted under GST: Chapter 23, General Note; Note 1 to Chapter 23; headings 23.03 and 23.09…
- Harmonized System Explanatory Notes to Chapter 23.03 and 23.09 (as relied on in the order)
- Circular No. 80/54/2018-GST dated 31.12.2018 (cited by the jurisdictional officer, not expressly applied in the reasoning)

! For the Practitioner

This order supports manufacturers of molasses-based feed supplements who sell the product only for cattle feed, showing that such products can fall under Chapter 23.09 and attract NIL rate under Sr. No. 102 even when they are not complete feed in isolation. It is a ruling on the applicant's own product and is not binding on other taxpayers. It does not decide whether heading 2303 can ever apply to molasses-based mixtures, because the authority declined to answer the second question.

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 -> mah_aar_33_2019-20_b-40_18.03.2020_mc.pdf

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