M/s Mountain Trail Foods Private Limited, 3rd and 4th Floors, 12, MPD Tower, 5th Block, Industrial Main Road, Koramangala, Bengaluru - 560 095 (GSTIN 29AAFCM5807R1ZP)

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 115/2019, dated 30th September, 2019 Dated **30.09.2019**

Q Questions Before the Authority

- What is the applicable rate of GST on the packed food products sold by the applicant?
- Is input tax credit admissible on the packed food products sold by the applicant?

F Facts

The applicant runs restaurant outlets (Chai Point premises) serving hot and iced chai, shakes, cakes, snacks and similar items, and charges GST at 5% on that restaurant business, classifying it under Group 99633. The applicant also sells packed products bought in for resale at MRP without processing, including loose leaf masala tea, Assam tea, green tea, dip tea bags, cake rusk, multigrain biscuits, chai bottles and mugs. Some of these products need further cooking and cannot be consumed as they are. The applicant charges regular GST rates on these traded packed goods and claims input tax credit on them.

H Ruling

Rate of GST on packed food products sold as purchased, including items needing further cooking	****Taxable at the appropriate goods rates**, not at the rate for Group 99633 (HSN/service code as printed in the order)**	The order relies on Notification No. 1/2017-Central Tax (Rate) and Notification No. 2/2017-Central Tax (Rate), both dated 28.06.2017, and their amendments. The order does not state a rate for each product. The applicant's product list and HSN codes were not legible in the scan.
Admissibility of input tax credit on packed food products sold	****Eligible to take credit** of applicable input tax credit relatable to the supply of such goods**	The order states this only in general terms, on the basis that output tax is payable on these goods. It does not discuss allocation of common credits such as warehouse or office costs.

The sale of packed food items that cannot be consumed as they are and need further cooking, and of other packed food products that the applicant does not process and sells as purchased, is taxable at the appropriate goods rates. These supplies are not covered by the tax rate for Group 99633, which relates only to services. The applicant is eligible to take credit of the input tax credit relatable to the supply of these goods.

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

R Reasoning

The authority held that the packed goods are not articles of food and drink in the restaurant sense, so their supply is a supply of goods and not of services. Entry 7 of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 covers goods supplied by a restaurant, but the authority noted that the notification's preamble refers only to intra-State supply of services. It therefore concluded that only Notification No. 1/2017-Central Tax (Rate) applies to these goods, and their rates are set under that notification. Because the goods are taxed on output, the applicant may take input tax credit that is admissible under the GST laws.

P Provisions Relied On

- Section 97 of the CGST Act, 2017 and the KGST Act, 2017 (application for advance ruling)
- Section 98(4) of the CGST Act, 2017 and the KGST Act, 2017 (order of the Authority)
- Rule 104 of the CGST Rules, 2017 and the KGST Rules, 2017 (Form GST ARA-01 and fee)
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017 (rates on goods, relied on as applicable)
- Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017 (cited as covering these goods)
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, entry 7 (quoted; held inapplicable to goods because the pream…
- Group 99633 / service code 996331 (restaurant services, as cited by the applicant and considered by the Authority)

! For the Practitioner

This order helps dealers that run restaurants and also resell packed food or tea products bought in for resale, because it confirms that such resale is taxed as goods at goods rates rather than at the 5% restaurant rate. It also confirms that input tax credit is available on those goods where output tax is paid. The order does not fix a rate for any particular product or HSN, and it does not deal with apportioning common input credit between restaurant and goods supplies. Those points need the product schedule and the notifications themselves.

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 -> kar_aar_115_2019_mtfpl_30.09.19.pdf

Prepared 11-11-2026.

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