Mrs Manju Devi, (M/s M.D. Enterprises)

Authority for Advance Ruling — Rajasthan

Advance Ruling No. RAJ/AAR/2019-20/29, ruling dated 18.12.2019 (F.No.… Dated **18.12.2019**

Q Questions Before the Authority

- Whether exemption of 'Supply of Farm Labour' as provided in Notification No. 12/2017 and Notification No. 09/2017 Integrated Tax (Rate) dated 28.06.2017 is available to a supplier of manpower falling under SAC 99851?
- Is it necessary for the recipient of 'Supply of Farm Labour' service to be fully engaged in agriculture and not doing any other activity?
- What type of documents/evidence is required to be kept as a supplier of manpower for availing the exemption as 'Supply of Farm Labour' under Notification No. 12/2017-Central Tax (Rate) and Notification No. 09/2017-Integrated Tax (Rate), both dated 28.06.2017?

F Facts

The applicant, a sole proprietor with FY 2018-19 turnover of INR 17.75 lakh, is unregistered under the GST law. In FY 2019-20 she supplied labour to a client, the sole owner of agricultural land at Village Dera Mandi, Tehsil Mehrauli, Delhi (South), for work on those farms, and classified the service under SAC 99851. The recipient also owns some immovable property used for renting, and the applicant obtained a khasra girdawari and seed and fertiliser purchase bills from the recipient as evidence of agricultural use.

H Ruling

Q(a): Whether farm-labour exemption under Notn. 12/2017-CT(Rate) and Notn. 09/2017-IGST(Rate) is available to a manpower supplier under SAC 99851	**No. The exemption is not available to manpower supply under SAC 99851.**	The exemption applies only to farm labour supply falling under Chapter heading 9986. The SAC 99851 classification is taken from the applicant's submission, and the Authority's conclusion rests on Notn. 11/2017-CT(Rate) Annexure and heading 9986.
Q(b): Whether the recipient of farm-labour supply must be fully engaged in agriculture and not in any other activity	**No ruling given.**	Held to be beyond the scope of Section 97(2) of the GST Act.
Q(c): Documents or evidence a manpower supplier must keep to claim the farm-labour exemption	**No ruling given.**	Held to be beyond the scope of Section 97(2) of the GST Act.

The Authority held that the exemption for 'supply of farm labour' under heading 9986 in Notification No. 12/2017-Central Tax (Rate) and Notification No. 09/2017-Integrated Tax (Rate) is **not available to supply of manpower services falling under SAC 99851** . Questions (b) and (c) were held to be **beyond the scope of Section 97(2)** , so no ruling was given on them.

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

R Reasoning

The Authority noted that SAC 99851 falls under heading 9985 (support services other than agriculture), which covers general manpower supply, as shown in the Annexure to Notification No. 11/2017-CT(Rate). It then reproduced entry 54 of Notification No. 12/2017-CT(Rate), which exempts heading 9986 services, including supply of farm labour. Because that exemption is confined to heading 9986, it does not extend to services classified under SAC 99851. Questions (b) and (c) concerned the recipient's conduct and the evidence required, which the Authority treated as outside the Section 97(2) jurisdiction. The Jurisdictional Officer's comments that the evidence did not establish that the labour was used only for cultivation were noted but not decided.

P Provisions Relied On

- Section 97(2)(b) of the CGST/SGST Act, 2017 (admissibility of applicability of a notification)
- Section 2(7) of the CGST Act, 2017 (definition of 'agriculturist')
- Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, entry 54 (heading 9986)
- Notification No. 09/2017-Integrated Tax (Rate) dated 28.06.2017, heading 9986 entry (cited by the applicant as entry 57)
- Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017, Annexure (heading 9985, Group 99851) and entry 24 (explana…
- Definition of 'agricultural produce' in Notification No. 12/2017-CT(Rate) and Notification No. 09/2017-IGST(Rate)

! For the Practitioner

A practitioner advising a labour contractor who supplies workers to farms can rely on this ruling for the proposition that the farm-labour exemption is tied to heading 9986, so a supplier who classifies its service under SAC 99851 cannot claim it. The ruling does not decide whether a service can properly be classified under heading 9986, and it gives no view on the recipient's activities or the evidence needed to support an exemption claim. Those points must be checked elsewhere. The order is an Authority ruling binding only on the applicant.

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 -> scanned_aar_order_29_manju_devi.pdf

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