# M/s. Subramani Sumathi

Authority for Advance Ruling — Tamil Nadu

**Order No. 7/AAR/2019 dated 22.01.2019 (the scan's numeral is partly unc…** Dated **22.01.2019**

## Q Questions Before the Authority

- What is the rate of tax for the vadams made of maida and what is the HSN Code?

## F Facts

The applicant, an unregistered person at Old Washermenpet, Chennai, makes maida vadam/papad from wheat flour, sugar, vanaspathi, edible salt, soda salt and preservatives. The dough is cut into shapes and dried in an oven, and the product is sold in packs of 1/2 kg, 1 kg and 10 kg. The product is not ready to eat and must be fried in oil by the consumer before consumption.

## H Ruling

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|---|---|---|
| **Rate of tax and HSN code for maida vadam/papad** | **Classifiable under HSN 19050540 (papad). Exempt from CGST and SGST.** | Exemption under Sl. No. 96 of Notification No. 02/2017-CT (Rate) dated 28.06.2017 as amended, and under Notification No. II(2)/CTR/532(d-5)/2017 (G.O. (Ms) No. 63 dated 29.06.2017) for SGST. The exemption excludes papad 'when served for consumption'. |

The authority ruled that the product 'Maida Vadam/Papad' is classifiable under HSN 19050540 as papad, not as namkeen under Chapter 21. It held that the product is exempt from CGST and SGST under the entry for papad in the respective notifications, subject to the exception for papad served for consumption.

## R Reasoning

The authority read Explanations (iii) and (iv) to Notification No. 1/2017-CT (Rate) as requiring headings to be determined by the Customs Tariff and its General Rules and Chapter Notes. It placed the product under heading 1905, where papad appears as 1905 05 40, because the product is a dried preparation of flour that the final consumer must fry before eating. It held that Chapter 21, and Chapter Note 6 covering namkeens, applies only to ready-to-eat products, so the product falls outside it. The authority also relied on the CESTAT decision in T.T.K. Pharma Ltd, which treated a similar fryable snack as papad. The manufacturing method (oven drying rather than sun drying) was held not to change the classification.

## P Provisions Relied On

Section 97 of the CGST Act, 2017 and the corresponding TNGST Act provision

Section 98 of the CGST Act, 2017 (advance ruling proceedings)


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

Section 100(1) of the CGST Act, 2017 (appeal to the State Appellate Authority, as noted in the order)

Rule 104(1) of the CGST Rules, 2017 and TNGST Rules, 2017

Explanations (iii) and (iv) to Notification No. 1/2017-CT (Rate) dated 28.06.2017

Sl. No. 96 of Notification No. 02/2017-CT (Rate) dated 28.06.2017, as amended

Notification No. II(2)/CTR/532(d-5)/2017, G.O. (Ms) No. 63 dated 29.06.2017 (Tamil Nadu SGST)

Heading 1905 and tariff item 1905 05 40 (papad) of the Customs Tariff

Chapter 21 and Chapter Note 6 of the Customs Tariff (heading 2106, namkeens)

CESTAT order in T.T.K. Pharma Ltd v. Collector of Central Excise, Order No. E/369/92-D (Appeal No. E/2556/91-D)

## ! For the Practitioner

A practitioner dealing with fryable dried dough products such as papad, vadam or similar snacks can cite this ruling for classification under 1905 05 40 and for exemption under Sl. No. 96 of Notification 02/2017-CT (Rate). The ruling turns on the product being unfit for consumption until the buyer fries it, which is the **decisive fact** distinguishing it from ready-to-eat namkeens under Chapter 21. The order does not decide the position for products sold ready to eat, for papad served for consumption (which the exemption excludes), or for the rate of other products. It 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 -> tn-07-aar-2019-subramani_sumathi.pdf

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