

M/s. V.S. Trading Company

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 25 /AAR/2023 Dated: 20.06.2023

Q Questions Before the Authority

- Classification of goods i.e. Tapioca flour obtained by crushing the dried roots, and remnants of tapioca roots/tubers.
- Applicability of Notifications issued under the provisions of Act in respect of goods falling under entry No.78 and Tariff item 1106 of Part A of Exempted goods, and tariff item 1106 in Sl.No.59 of Part C in Schedule I of the said Act.
- Determination of the liability to pay tax in respect of the said goods, tariff No.1106 as mentioned in Sl.No.78 of Part A of Exempted goods, and Sl.No.59 of Part C of First Schedule to the Act.
- Whether such trader/ dealer is required to be registered.

F Facts

The applicant is a dealer engaged in the purchase and sale of tapioca flour, which they manufacture by drying and crushing the fibrous residue (kappi) obtained after extracting starch from tapioca roots. They contended that this product is classifiable under HSN 1106 and is exempt from tax as it is sold unbranded. The jurisdictional authority argued that the product is a residue of starch manufacturing and should be classified differently.

H Ruling

Classification of product	HSN 2303.10	Residues of Starch manufacture and similar residues
Applicability of exemption notifications	Not applicable	The product does not fall under tariff item 1106
Tax liability	Taxable at 5% (2.5% CGST + 2.5% SGST)	Under Schedule I of Notification No.II(2)/CTR/532(d-4)/2017/G.O.Ms.No.62
Registration requirement	Liable to be registered	Subject to conditions prescribed under Section 22 of the GST Act

The Authority ruled that the product is not tapioca flour under HSN 1106 but is instead classifiable as residues of starch manufacture. Consequently, the product is taxable at 5% under HSN 2303.10. The applicant is required to be registered if their aggregate turnover exceeds the prescribed threshold under Section 22 of the CGST Act.

R Reasoning

The Authority reasoned that the product is a fibrous residue obtained during the starch extraction process, not flour directly prepared from roots. Therefore, it fits the specific description of **residues of starch manufacturing** under HSN 2303.10 rather than the general category of flour under HSN 1106. The ruling relies on the distinction

between primary products and manufacturing residues, noting that the product is used for animal feed and adhesives, not human consumption. It cites Section 22 of the CGST Act regarding registration thresholds.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017	Section 98(4) of the TNGST Act, 2017
Section 22 of the CGST Act	HSN 1106
HSN 2303.10	Notification No.II(2)/CTR/532(d-4)/2017/G.O.Ms.No.62
Circular No. 80/54/2018-GST	

! For the Practitioner

This ruling clarifies that fibrous residues from starch manufacturing are **taxable at 5% under HSN 2303.10** and do not qualify for the nil-rated exemption applicable to certain flours under HSN 1106. It serves as a warning for traders misclassifying industrial residues as food-grade flours. It does not decide the specific registration status of the applicant, which remains contingent on their actual aggregate turnover.

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 -> 25 aar 2023 trading.pdf

Prepared 18-10-2026.

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