

**GUJARAT AUTHORITY FOR ADVANCE RULING,  
GOODS AND SERVICES TAX,  
A/5, RAJYA KAR BHAVAN, ASHRAM ROAD,  
AHMEDABAD – 380 009.**



ADVANCE RULING NO. GUJ/GAAR/R/05/2020

(IN APPLICATION NO. Advance Ruling/SGST&CGST/2018/AR/57)

Date: 17.03.2020

Name and address of the applicant	:	M/s. Pratham Agro vet Industries Survey No. 193 P, At & Po Indrad, Ta. Kadi, Mehsana.
GSTIN of the applicant	:	24AAHFP0758M1ZY
Date of application	:	14.09.2018
Clause(s) of Section 97(2) of CGST / GGST Act, 2017, under which the question(s) raised.	:	(a) Classification of goods or services or both
Date of Personal Hearing	:	12.03.2020
Present for the applicant	:	Shri N.N. Patel , Advocate

**BRIEF FACTS:**

1). The Applicant M/s. Pratham Agro Vet Industries is registered under Central Goods and Services Tax Act, 2017 and Gujarat Goods and Services Tax Act, 2017 vide GSTIN 24AAHFP0758M1ZY (herein after referred as "the applicant") and is engaged in manufacturing of Rice Bran by processing Rice husk of Poha and Mamra with different kind sludge/wax oil. As result of manufacturing process, the product namely Rice Bran (22+oil) and Non Edible C grade oil are produced. The applicant purchases rice husk of poha and mamra with approximate 5% oil content. The applicant further purchases different kind of sludge/wax oil, the residue generated in refining of the oil. They thereafter also submitted the manufacturing process of Rice Bran as below:

**Manufacturing process of Rice Bran**

*The applicant by doing process on the above goods manufactures Rice Bran and Non Edible C grade Oil. During course of manufacturing process, the oil content of Rice Husk of Poha and Mamra increases from 5% to 22% or more. It is because during course of manufacturing process, the oil content present in the sludge/wax oil gets transferred in the final product. The applicant is selling Rice Husk of Poha and mamra containing higher percentage of oil as Rice Bran (22+oil) and the product oil as non Edible C grade oil. The Rice Bran is used in the manufacturing of Oil based Soap.*

The applicant prays before the Honble Authority for Advance Ruling to decide under which tariff heading the disputed product--- Rice Bran (22+Oil) is covered and the rate of tax applicable on supply under the CGST Act and SGST Act.

They submitted copies of purchase invoices of Cattle Feed, Sunflower Wax, Wax Oil, Rice Bran Wax. They also submitted copies of their sales invoices of Non Edible C grade oil and

Rice Bran. Copies of Test Certificate of samples of Rice Bran by Geo Chem Laboratories P Ltd dated 25.6.2018, showing 'Test'- Oil with Result 26.51% by IS:7874(Part I)-1975 technique.

## PERSONAL HEARING:

Personal hearing was held on 14.2.2019 and 11.3.2020 and Advocate Shri N.N Patel attended the hearing and he reiterated the facts in the application and added that vide notification 6/2018-Central Tax (Rate) dated 25.1.2018, in Schedule I after S. No. 103A the entry at 103B was inserted, for Rice bran (other than de-oiled rice Bran) and was classified under Chapter 2302 with 5% GST (2.5 % SGST + 2.5% CGST).

## DISCUSSION AND FINDINGS;

On going through the submissions, it is observed that the applicant is procuring two raw materials viz. Rice husk of poha & mamra and sludge/ wax oil. It has been submitted by the applicant that they are undertaking a process on the above goods and the resultant product is Rice Bran and Non Edible C grade Oil. It is pertinent to note that the applicant has not specified the processes undertaken by them and has himself jumped to the conclusion that the resultant product is Rice Bran. The product Rice Bran is a product obtained from the activity of milling rice and consists of the seed coat, a fraction of the grain removed in milling, the germ, and broken grains. The same is supported by the dictionary meaning of the term 'rice bran' as defined in Merriam Webster Dictionary which is reproduced under:

*a product obtained by milling rice consisting of the seed coat, a fraction of the grain removed in milling, the germ, and broken grains, and used as a stock feed and medicinally as a source of thiamine*

In the instant case, the information provided by the applicant indicates that the product under consideration has not been obtained by milling rice but rather consists of Rice husk of poha and mamra and Sludge/ Wax oil. Thus, the product is clearly not Rice Bran in light of the meaning of Rice Bran.

Further, in absence of the actual process undertaken on the raw materials it can only be concluded that product is a combination of Rice husk of poha and mamra and Sludge/ Wax oil. From the scarce information provided in the application, it is understood that the assessee is a chemical or allied industry. Further, the actual processes undertaken and the resultant product have not been accurately specified and as such, the only option available is to classify the said product in the residual entry of Chapter 38 pertaining to miscellaneous chemicals Products. In terms of Explanation (iii) of Notn. No. 1/2017 CT (Rate), the classification has to be decided on the basis of the First Schedule to the Customs Tariff Act, 1975 and the same reads as under:

*“Tariff item”, “sub-heading” “heading” and “Chapter” shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).*

Sub-heading 3825 of the First Schedule to the Customs Tariff Act covers the following goods:

*Residual products of the chemical or allied industries, not elsewhere specified or included; Municipal Waste; Sewage Sludge; Other waste specified in Note 6 to this Chapter*

Thus, the above product can be classified under Chapter 38259000 as the residual entry of the miscellaneous chemical products.

As regards the rate of the tax is concerned, we find that Chapter 3825 is covered under Sr. No. 98 of Schedule III of Notn. No. 1/2017 CT (Rate) and attracts rate of 9% CGST and the corresponding State notification specifying the rate of 9% SGST

In view of the foregoing, we rule as under —

### **RULING**

The product Rice Bran(22+oil) shall be classified under Chp heading 38259000 and attracts rate 9 % CGST and 9 % SGST under vide Sr no 98 of Schedule III of notification no.1/2017-Central Tax (Rate) of CGST Act and corresponding notification of SGST Act.

**(Mohit Agrawal)**

Member

**(Sanjay Saxena)**

Member

Place: Ahmedabad

Date: 17.03.2020.