

**AUTHORITY FOR ADVANCE RULING, TAMIL NADU
ROOM NO.207, 2ND FLOOR, PAPJM BUILDING, NO.1, GREAMS ROAD,
CHENNAI-600 006.**

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017 AND
UNDER SECTION 98(4) OF THE TNGST ACT, 2017**

Members present:

Shri. Balakrishna. S, I.R.S., Additional Commissioner/ Member (CGST), Office of the Commissioner of GST and Central Excise, Audit II Commissionerate, Chennai -600 034.	Shri. B. Suseel Kumar, B.E., MBA., Joint Commissioner/Member (SGST), Office of the Commissioner of Commercial Taxes, Chennai-600 006.
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**ADVANCE RULING NO. 25/AAR/2023, RECTIFICATION OF MISTAKE
DATED: 18.03.2025**

GSTIN Number, if any./ User id	33ACYPV6634M1ZK
Legal Name of Applicant	M/s. V.S. Trading Company
Registered Address / Address provided while obtaining user id	No. 71/122-A, Palaniappa Colony, Annathanapatty, Salem-636 002.
Details of Application	Form GST ARA – 01 Application Sl.No.08/2022/ARA dated 10.02.2022.
Represented by	1. Shri. P. Vasudevan, Proprietor 2. Shri. D. Ganapathy Subramnaian, GST Practitioner. 3. Shri. Jayaseelam, General Secretary, Salem City Chamber of Commerce.
Concerned Officer	State : Division – Salem Zone – Salem-I Circle – Annathanapatty Assessment Circle.
Jurisdictional Officer	Centre : Commissionerate – Salem Division– Salem-I Range – Salem-II Range.

**PROCEEDINGS UNDER SECTION 102 OF THE CGST ACT, 2017 AND UNDER
SECTION 102 OF THE TNGST ACT, 2017.**

Shri. P. Vasudevan, Proprietor, M/s. V.S. Trading Company having GSTIN 33AAGCM7782A1ZK, has filed an application dated 22.09.2023, for rectification of mistake (ROM) under Section 102 of the CGST Act, 2017, against the ruling passed by this authority vide Advance Ruling No.25/AAR/2023 dated 20.06.2023.

2. The applicant has filed the instant application for alleged rectification of certain errors that were apparent on the face of the Order. They claim that the decision of the Advance Ruling Authority has erred in the classification of their product. While the applicant had requested for rectification of the order, they have not specifically mentioned how and where the authority have erred in deciding the classification of the product. Though the request for rectification is not specific as per the application, they have once again reiterated the same process and stuck to their classification. The essence of the claim furnished by the applicant in their rectification application is as follows.

"ERRORS APPARENT ON THE FACE OF RECORD"

The applicant claimed that the members vide order No. 25/AAR/2023 dated 20-06-2023 have wrongly understood the process of preparation of tapioca flour and hence classified the same wrongly under HSN 2303.10 as 'Residues of starch manufacture and similar residues' liable to 5%, instead of classifying the same as 1106 @ NIL rate of tax, as the same is without a brand name. Further the applicant stated that Tapioca flour purchased and sold by them is obtained by drying and crushing the inferior tapioca roots, which is not normally used for manufacture of starch sago. Tapioca flour is not obtained from residues of starch, as described in Tariff item 2303.70. Chapter 23 deals with residues and waste from the food industries and prepared animal fodder unfit for human consumption taxable @ 5% / 9%.

3. PERSONAL HEARING

Shri. P. Vasudevan, Proprietor, Shri. Ganapathy Subramnaian, GST Practitioner, Shri. Jayaseelan, General Secretary, Salem Chamber of Commerce appeared as authorized representatives (AR) for the personal hearing held on 28.01.2025. The applicant reiterated the process of making the tapioca flour. AR further explained that chapter heading 230310 is about residues of starch manufacture and similar residues, whereas their product viz, 'tapioca flour' does not emanate out of the starch manufacturing process, and stated that the findings of the AAR is factually incorrect. AR further

explained that during the initial milling process, Tapioca starch and Sago (Sabhdhana) is obtained which according to their understanding are taxable. The tapioca flour manufacturers purchase the residual tapioca waste/thippi, which is then dried and crushed to obtain tapioca flour, which is used for animal feed preparations. Further the product obtained after grinding the dried tapioca flour is called 'kappi' which also is used in the preparation for animal feed.

3.1. In their submission along with the rectification application they have explained the process of getting their product which is traded by them as follows.

- The said product is manufactured from inferior tapioca tubers procured from farmers whereas better quality tapioca tubers are used for manufacture of sago and starch.
- The inferior quality tubers are dried in the yard and crushed into flour and marketed. This flour is chiefly used as cattle feed and also for preparation of gum.
- The goods are supplied in 50Kgs/70Kgs jute/gunny bags and not in small unit containers. The traders and manufacturers are not using any registered brand name or trade name under the Trade Marks Act, 1999.
- The supplier of tapioca flour are not charging any tax on the bill of supply and are not using any brand/trade name. Such goods are not for human consumption and it is not used by individual customers
- The tapioca flour is exempted goods under the GST Act under Notification No. 02/2017-CT (Rate) dated 28-06-2017
- Processing of Tapioca roots is used for obtaining the graded products such as Tapioca Wet Starch, Tapioca Starch, Sago or Sabudhana etc. used for making edible preparations for human consumption as well as for industrial use. All the above products are taxable as per the Tariff.
- Apart from above taxable products, certain residues of waste of starch namely wet tapioca waste is obtained, which is dried and crushed into tapioca flour which is used for animal feed and for manufacturing of adhesives. The end waste product obtained after grinding the dried tapioca flour is called kappi which is also marketable for use as livestock feed.
- Reproducing TSH 1106, the applicant states that the goods they are dealing would fall under exemption category, if sold without registered brand name and other than those put up in unit containers. The tariff item 1106 includes flour of sago or of roots or tubers of tariff heading 0714.

Therefore claimed that flour of manioc or cassava (tapioca) or sago are included in the exemption category.

- Finally, the applicant prayed to set right the apparent errors on the face of the records and issue appropriate orders in accordance with the provisions of law on the question specified in the application and thus render justice.

4. DISCUSSION AND FINDINGS

4.1. We have carefully considered the submissions made by the applicant in the application for rectification of mistake (ROM), and the additional submissions made during the personal hearing. It is seen that the applicant has filed the application dated 22.09.2023 for Rectification of Mistake under Section 102 of CGST Act, 2017.

4.2. In this regard, it is seen that in so far as it relates to cases of 'Advance Ruling', the legal provisions relating to 'application for advance ruling', 'Appeal to Appellate Authority', 'Rectification of advance ruling', 'Applicability of advance ruling', etc., are provided under Sections 95 to 106 in 'Chapter XVII' of the CGST/TNGST Acts, 2017. The Section 102 relates specifically to 'Rectification of Advance Ruling', which reads as below:

*"102. Rectification of advance ruling.— The Authority or the Appellate Authority or the National Appellate Authority may amend any order passed by it under section 98 or section 101 or section 101C, respectively, so as to rectify **any error apparent on the face of the record**, if such error is noticed by the Authority or the Appellate Authority or the National Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, the applicant or the appellant within a period of six months from the date of the order:*

Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard."

4.3. Moving on to the issue in hand, the applicant, in the original application had sought ruling for the following queries.

(a) Classification of goods i.e Tapioca flour obtained by crushing the dried roots and remnants of tapioca roots/tubers;

(b) 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 1 of the said Act;

(c) Determination of the liability to pay tax in respect of the said goods, tariff 1106 as mentioned in Sl. No. 78 of Part-A of Exempted goods, and Sl. No. 59 of Part-C of 1st Schedule to the Act;

(d) Whether such trader/dealer is required to be registered.

4.4. As per the facts provided by the applicant, they are primarily a dealer in tapioca flour and are not manufacturers. The applicant is primarily a dealer in purchase and sale of tapioca flour without any brand name and further no further process like blending is done. The tapioca flour procured from the suppliers are packed in 70Kgs gunny bags without any registered brand name.

4.5. To decide on the claim of the applicant that the order No. TN/25/AAR/2023 Dated 20-06-2023 of the Authority for Advance Ruling is to be rectified, first we have to examine the process of making the Tapioca flour by the applicant as stated by them as well as the process of production in the normal course of preparation by the Industries.

5. FACTS AS STATED BY THE APPLICANT:

- Tapioca or Cassava one of the root crop grown by the agriculturalist and the processing of tapioca roots is used for obtaining graded products such as Tapioca Wet Starch, Tapioca Starch, Sago (Sabudhana).
- These goods are fine products of Tapioca roots used in the industrial preparation of various other products for human consumption and are taxable.
- The by-product during the production of above product is certain residues of waste of starch namely wet tapioca waste, which is dried and crushed into tapioca flour.
- This tapioca flour is used as animal feed as well as manufacturing of adhesives.
- The end waste product obtained after grinding the dried tapioca flour is called kappi which is also marketable for livestock feed.

6. FACTS IN THE NORMAL PREPARATION OF TAPIOCA STARCH:

- The Manioc or Cassava or Tapioca is procured from the agriculturists are first washed, peeled and then crushed in the crusher.
- The wet milk obtained from the crushing of Tapioca roots is kept aside for sedimentation.
- After draining the excess water, Wet tapioca starch is obtained which is dried and used as dried tapioca starch. The wet tapioca starch is also sized, roasted and processed for making Sago varieties.
- During the crushing of washed and peeled tapioca, 'Wet residue' is obtained as a by-product. This wet residue is dried and ground to make a tapioca flour.
- And the last and final waste obtained after making tapioca flour is called 'kappi' which is used as a livestock feed.

7. The applicant, while submitting the application seeking Advance Ruling, described the process of making the product they are dealing with. As per the process explained with the help of flow chart, it is understood that the product being manufactured by the manufacturer is 'Tapioca Starch' which is otherwise called as 'Tapioca Flour' in the Trade market. The process may be also called as 'Starch manufacturing process' since, the predominant final product manufactured is Tapioca Starch/Tapioca Flour. Tapioca roots (also called 'Manioc' or 'Cassava') obtained from farmers are crushed to extract milky juice, from which tapioca starch or tapioca powder is manufactured after the extract is subjected to series of process such as drying, sizing, roasting and processing to obtain dried tapioca starch to make sago varieties and to supply as such which is otherwise used in the food processing industry.

8. The by-product obtained during the manufacture of above Tapioca Starch/Tapioca Flour is the 'Wet Residue' which is the remnants of tapioca starch manufacture. As per the facts furnished by the applicant, these wet residue of tapioca are dried and then crushed into flour and marketed. This flour is not qualified for human consumption and are chiefly used for cattle feed. This dried, crushed flour is also used for manufacturing of adhesives.

9. Chapter 7 is the classification of 'Edible vegetables and certain roots and tubers'. This chapter contains all agricultural produce of edible vegetables, roots and tubers which attracts 'Nil' rate of GST, except when supplied with a registered brand name. The tariff heading 070141000 specifically mentions Manioc (cassava), a root vegetable which is an enlarged root of a plant. 'Tuber' is a modified stem of a plant. While both grow underground, the edible part of a root vegetable is the actual root,

whereas the edible part of a tuber is a thickened stem that stores energy for the plant; examples of root vegetables include carrots and turnips, while potatoes and sweet potatoes are tubers.

10. Chapter 11 is the classification of 'Products of the milling industry: malt; starches, inulin; wheat gluten'. The Chapter is very specific about the preparation of the products namely, malt, starches, inulin and wheat gluten. It implies that any process or series of process such as cleaning, tempering, and grinding of cereals or like, in the preparation of the above products of this Chapter is made in the milling industry. Like the products of Chapter 7 which are charged to Nil rate of tax, the products under this chapter also attracts Nil rate of tax except when bearing a registered brand name and put up in unit containers. As per this Chapter, the product covered are flour, groats, meal pellets, powder used in various preparations of food products in the food processing industry.

11. Chapter 23 deals with the classification of 'Residues and waste from the food industries; prepared animal fodder'. The products listed in this chapter are either manufactured waste such as an aquatic feed or other residues and waste arising out of various food processing industries. While most of the tariff items listed in this Chapter are taxable @5% (except Dog or Cat food chargeable at 18%) and Nil rate, the residues of 'Starch Manufacture and similar residues' finds a specific entry at 23031000.

12. The applicant, while submitting the application for Advance ruling, has stated in the 'Manufacturing processing of the product' that the product they are dealing with is obtained from *'certain residues of waste of starch namely wet tapioca waste which is dried and crushed into tapioca flour which is used for animal feed as well as for manufacturing of adhesives. The end waste product obtained after grinding the dried tapioca flour is called kappi which is also marketable for livestock'*.

13. As per the facts presented before the Advance Ruling Authorities by the applicant seeking ruling on the clarification sought by them in the original application, it was rightly classified by the members that the product traded by the applicant would fall under the Chapter heading 23031000 attracting 5% of GST.

14. However, now in the present rectification application filed by the applicant, they have stated that in (IV) as

"the said product is manufactured from inferior tapioca tubers procured from the farmers. Better quality of tapioca tubers procured from the

farmers are used for manufacture of sago and starch. Normally, the inferior quality of tapioca tubers are dried in the yard, and then crushed into flour, and marketed.

Further, after the next two paragraph, they have stated that,

"Apart from the above taxable products certain residues of waste of starch namely wet tapioca waste is obtained, which is dried and crushed into tapioca flour which is used for animal feed as well as manufacturing of adhesives. The end waste product obtained after grinding the dried tapioca flour is called kappi which is also marketable for livestock"

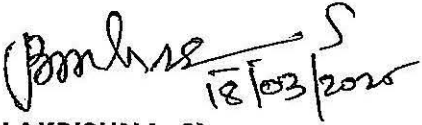
15. Further, the applicant himself has informed that the said product is not fit for human consumption as such and also not used in the food industry for further processing. The same can be marketable for livestock. Accordingly, the product is rightly classifiable under Chapter 23 as Residues and waste from the food industries; prepared animal fodder and specifically under 23031000 as 'Residues of starch manufacture and similar residues' liable to tax @ 5%.

16. The advance ruling on any of the clarification sought by the applicant under Section 97(2) is given by the Advance Ruling Authority based on the facts and circumstances submitted by the applicant. From the above facts submitted by the applicant originally, it is crystal clear that the conclusion arrived at by the members is in order and therefore we are of the opinion that no rectification is warranted in this case as well, as no error or mistake is noticed on the part of the Advance Ruling Authorities as discussed in detail above.

17. In effect, we find that there is no error/mistake apparent on the face of record in the Advance Ruling No. 25/AAR/2023 dated 20.06.2023 as alleged by the applicant. Thus, we hold that the instant application for rectification of advance ruling is liable for rejection in terms of Section 98(2) of the CGST/TNGST Acts, 2017.


(B. SUSEEL KUMAR)
Member (SGST)




(BALAKRISHNA. S)
Member (CGST)

To

M/s. V.S. Trading Company

GSTIN: 33ACYPV6634M1ZK

No. 71/122-A, Palaniappa Colony,
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Copy submitted to:

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2. The Commissioner of Commercial Taxes,
2nd Floor, Ezhilagam, Chepauk, Chennai – 600 005.
3. The Commissioner of GST & Central Excise,
Salem Commissionerate.

Copy to:

1. The Assistant Commissioner (ST),
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Hasthampatti, Salem – 636 007.
2. Master File/ Spare – 2.