

**THE AUTHORITY ON ADVANCE RULINGS
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU – 560 009**

Advance Ruling No. KAR ADRG 11 / 2019

Date : 25th June, 2019

Present:

1. Sri. Harish Dharnia,
Additional Commissioner of Central Tax, Member (Central Tax)
2. Dr. Ravi Prasad M.P.
Joint Commissioner of Commercial Taxes Member (State Tax)

| | | |
|----|---|--|
| 1. | Name and address of the applicant | M/s Sri Kanyakaparameshwari Oil Mills, No.14, 12 th Cross, Ganesh Temple Road, Bendrenagar, Kadirenahalli, Bengaluru - 560070 |
| 2. | GSTIN or User ID | 29AAEFS1478A1ZA |
| 3. | Date of filing of Form GST ARA-01 | 03.08.2018 |
| 4. | Represented by | Sri B.V.Nagesh, Partner |
| 5. | Jurisdictional Authority – Centre | NA |
| 6. | Jurisdictional Authority – State | Local GST Office – 120, Bengaluru |
| 7. | Whether the payment of fees discharged and if yes, the amount and CIN | Yes, discharged fee of 1. Rs.5,000-00 under CGST Act vide CIN HDFC18082900019061 dated 03.08.2018 2. Rs.5,000-00 under KGST Act vide CIN HDFC18062900104209 dated 14.06.2018 |

ORDER UNDER SUB-SECTION (4) OF SECTION 98 OF CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SUB-SECTION (4) OF SECTION 98 OF KARNATAKA GOODS AND SERVICES TAX ACT, 2017

1. M/s Sri Kanyakaparameshwari Oil Mills, (called as the ‘Applicant’ hereinafter), No.14, 12th Cross, Ganesh Temple Road, Bendrenagar, Kadirenahalli, Bengaluru - 560070, having GSTIN number 29AAEFS1478A1ZA has filed an application for Advance Ruling under

Section 97 of CGST Act,2017 and KGST Act, 2017 read with Rule 104 of CGST Rules 2017 & KGST Rules 2017, in form GST ARA-01 discharging the fee of Rs.5,000-00 each under the CGST Act and the KGST Act.

2. The Applicant is a Partnership concern and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following questions:

- a) What is rate of tax for “Perfumed Deepam Oil” which is prepared by mixing Gingely Oil, Palmoline Oil, Rice Bran Oil or any one oil with perfume or chemical and used for lighting lamp for God (not for cooking) with HSN Code.
- b) What is rate of tax for “Non-perfumed Deepam Oil” which is prepared by mixing Gingely Oil, Palmoline Oil, Rice Bran Oil or any one oil without perfume or chemical and used for lighting lamp for God (not for cooking) with HSN Code.
- c) What is rate of tax for a mixture of Gingely Oil, Palmoline Oil, Rice Bran Oil or any one oil.

3. The applicant furnishes some facts relevant to the stated activity:

- a. The applicant states that they are into the business of manufacturing and trading of edible oils and non-edible oils.
- b. They state that they are desirous of selling three commodities and hence intend to know about the rate of tax applicable on these commodities.
 - i. “Perfume Deepam Oil” (Not for Cooking) – which is prepared by adding perfume to either a mixture of Gingely Oil, Palmoline Oil, Rice Bran Oil or any of the above oil
 - ii. “Deepam Oil” (Not for Cooking) – which is prepared by either a mixture of Gingely Oil, Palmoline Oil, Rice Bran Oil or any of the above oil but without adding any perfume, and
 - iii. A Mixture of Gingely Oil, Palmoline Oil, Rice Bran Oil or any of the above oil

PERSONAL HEARING: / PROCEEDINGS HELD ON 30.08.2018.

4. Sri. B V Nagesh, Partner of the Applicant firm attended the personal hearing before the Authority, explained about their business and stated that the applicant intends to know the classification of their aforesaid three commodities and the corresponding rate of GST in respect of each of the products.

FINDINGS & DISCUSSION:

5. We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri B V Nagesh, Partner of the Applicant firm during the personal hearing. We also considered the issue/s involved on which advance ruling is sought by the applicant along with relevant facts of the issue/s.

5.1 The applicant seeks advance ruling on the questions mentioned at para 2 supra. They intend to know the classification of their products and the applicable GST rate on each of their products. The Applicant, even though, has not put the questions in proper order, we proceed to take up the questions in the natural sequential order in respect of each product one at a time and answer the same in respect of the classification and the applicable rate of GST.

5.2 Notification No.1/2017- Integrated Tax (Rate) dated 28.06.2017 (hereinafter called "said notification") at Explanation (iii) to the said notification provides that "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. Further, Explanation (iv) provides that the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

5.3 The first issue that we take up is in relation to the classification of the individual oils of Gingely Oil, Palmoline Oil, Rice Bran Oil & the mixture of any two or all the three oils. The applicant has raised this issue in their third question. The relevant classification of the said items has been specified in the First Schedule to the Customs Tariff Act, 1975. Chapter 15 of the said Act deals with *Animal or vegetable fats and oils and*

their cleavage products; prepared edible fats; animal or vegetable waxes. Therefore the classification of the required items, in terms of Chapter 15 of the said Act, is as under.

| Sl.No. | Chapter/ Heading/ Sub-Heading/ Tariff Item | Description of goods |
|---------------|---|---|
| 1 | 1515 50 | <i>Seasame Oil (Gingely Oil) and its fractions :</i> |
| | 1515 50 91 | ----Edible Grade |
| 2 | 1511 | <i>Palm Oil and its fractions whether or not refined, but not chemically modified</i> |
| | 1511 10 00 | -Crude Oil |
| 3 | 1515 90 40 | Fixed Vegetable oil of edible grade namely rice bran oil |
| 4 | 1517 | <i>Edible Mixture or preparations of vegetable oils or of fractions</i> |
| | 1517 10 10 | --- of Vegetable origin : |
| | 1517 10 21 | ---- Edible grade |

5.4 Palmolein Oil is a fraction of Palm Oil obtained by a process called fractionation. From the above provisions of Chapter 15 of the CTA it is evident that individually Gingely Oil falls under Tariff Heading 1515, Palmolein Oil is covered under tariff heading 1511 and Rice Bran Oil is covered under tariff heading 1515. Further Chapter Heading 1517 provides for classification of 'Edible Mixture or preparations of vegetable oils or of fractions'. Accordingly, the GST rates in respect of the above products are as under:

- (i) **For intra-State supplies** – The Palmolein Oil falling under Chapter heading 1511, Gingely Oil & Rice Bran Oil falling under Chapter Heading 1515 and the mixture of the said edible oils falling under Chapter Heading 1517 would attract CGST @ 2.5% under entry no.83, 87 & 89 respectively, of Schedule I to the Notification No. 1/2017 – Central Tax (Rate) dated 28.06.2017 and also KGST @ 2.5% under entry no. 83, 87 & 89 respectively of Schedule I to the Notification (1/2017) No. FD 48 CSL 2017 dated 29.06.2017.

- (ii) **For inter-State supplies** – The aforesaid products would attract IGST of 5% under entry no. 83, 87 & 89 respectively of Schedule I to the Notification No. 1/2017 – Integrated Tax (Rate) dated 28.06.2017

5.5 The next question regarding classification & GST rate in respect of the product made out of mixing of two or all three oils of Gingely Oil, Palmoline Oil and Rice Bran Oil. The Applicant terms the said mixture as “Non-perfumed Deepam Oil” and the same is without perfume or chemical & intended to use lighting lamp for God and not for cooking.

The Applicant specifies that the said mixture of oils is “Not for Cooking”. In this situation the resultant product becomes in-edible, as admitted by the applicant by stating that its ‘not for cooking’. Chapter heading 1518 inter alia includes *‘inedible mixtures or preparations of animal or vegetable fats or oils or fractions of different fats or oils of this Chapter, not elsewhere specified or included’*. Therefore the mixture of these oils, considered as ‘not for cooking’ is rightly classifiable under CTH 1518. The GST rate applicable to the said item would then be as under :

- (i) **For intra-State supplies** – The mixture of oils would fall under the Chapter heading 1518 & would attract CGST @ 6% under entry no. 27 of Schedule II to the Notification No. 1/2017 – Central Tax (Rate) dated 28.06.2017 and KGST @ 6% under entry no. 27 of Schedule II to the Notification (1/2017) No. FD 48 CSL 2017 dated 29.06.2017
- (ii) **For inter-State supplies** – The aforesaid mixture would attract IGST @ 12% under entry no. 27 of Schedule II to the Notification No. 1/2017 – Integrated Tax (Rate) dated 28.06.2017.

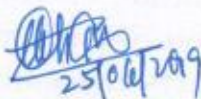
5.6 The next issue is regarding the classification and GST rate of the oil obtained by adding perfume to either one or a combination of Gingely Oil, Palmoline Oil & Rice Bran Oil. The process of addition of perfume to the edible oil or mixture of two or three edible oils converts the edible oil or the mixture into an in-edible vegetable oil. Such an inedible mixture is classifiable under HSN 1518 00 40 and the tax rate applicable to the same is as under:

- (i) **For intra-State supplies** – The aforesaid mixture of oils with perfume, falling under Chapter Heading 1518, would attract CGST @ 6% under entry no. 27 of Schedule II to the Notification No. 1/2017 – Central Tax (Rate) dated 28.06.2017 and KGST @ 6% under entry no. 27 of Schedule II to the Notification (1/2017) No. FD 48 CSL 2017 dated 29.06.2017
- (ii) **For inter-State supplies** – The aforesaid product would attract IGST @ 12% under entry no.27 of Schedule II to the Notification No. 1/2017 – Integrated Tax (Rate) dated 28.06.2017.

6. In view of the above, we pass the following

RULING

1. The “Perfume Deepam Oil” (Not for Cooking) – which is prepared by adding perfume to either a mixture of Gingely Oil, Palmoline Oil and Rice Bran Oil or to any one of the above oils – is covered under HSN 1518 & is taxable at 6% under CGST Act, 6% under KGST Act and 12% under the IGST Act.
2. “Deepam Oil” (Not for Cooking)– which is prepared by either a mixture of Gingely Oil, Palmoline Oil and Rice Bran Oil or any of the above oil and ‘not for cooking’ would fall under Chapter Heading 1518 and attract CGST @ 6%, KGST @ 6% and IGST @ 12%.
3. Each of the oils, namely Palmoline Oil falling under Chapter heading 1511, Gingely Oil & Rice Bran Oil falling under Chapter Heading 1515 and the mixture of the said edible oils falling under Chapter Heading 1517 would attract CGST @ 2.5%, KGST @ 2.5% and IGST @ 5%.


25/06/2019

(Harish Dharnia)
Member


25/6/19

(Dr. Ravi Prasad M.P.)
Member

Place : Bengaluru,
Date : 25.06.2019