

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

Advance Ruling No. KAR ADRG 14/2024

Date : 21-05-2024

Present:

1. Dr. M.P. Ravi Prasad

Additional Commissioner of Commercial Taxes Member (State)

2. Sri. Kiran Reddy T

Additional Commissioner of Customs & Indirect Taxes Member (Central)

1.	Name and address of the applicant	M/s. TECHNOCRATS EQUIPMENTS SALES & SERVICE, #17, BFW Layout, Ganapathi Nagar, Peenya III Phase, Bengaluru-560 058.
2.	GSTIN or User ID	29ADHPK6725C1ZK
3.	Date of filing of Form GST ARA-01	11-01-2024
4.	Represented by	Sri. Ashok R Kulkarni, Proprietor
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Bengaluru North West Commissionerate, Bengaluru. (Range-BED5)
6.	Jurisdictional Authority - State	ACCT, LGSTO-75, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2901240053360 dated 11.01.2024.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Technocrats Equipments Sales & Service (herein after referred to as 'Applicant'), #17, BFW Layout, Ganapathi Nagar, Peenya III Phase, Bengaluru-560058, having GSTIN 29ADHPK6725C1ZK, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act.



2. The applicant submitted that they are planning to export Honey bee Feeds, in the form of Powder containing refined sugar, natural vitamins. Honey feeds are used to feed honey bee, in liquid form, during all season [Winter/Monsoon], in the absence of natural food. This powder is converted into syrup form before feeding the bees.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions.

- a) HSN code for Honey bee feeds
- b) Rate of Tax, if applicable
- c) Other details if any for specific product.

Therefore, the applicant seeks advance ruling on classification of the Honey bee feed and rate of tax, if applicable, thereon.

4. **Admissibility of the Application** : The applicant claimed that the question on which advance ruling has been sought is with regard to "Classification of Honey bee feed and the rate of tax thereon" covered under the issues of "Classification of any goods or services or both" and "Determination of the liability to pay the tax on any goods or services or both", which are covered under Sections 97(2)(a) & 97(2)(e) respectively of the CGST Act 2017 and hence the instant application is admissible.

5. **BRIEF FACTS OF THE CASE**: The applicant furnished the following facts relevant to the issue:

5.1 The applicant intend to export honey bee feed, in the form of powder, which contains sugar and natural vitamins. It is used to feed honey bee, in liquid form, during off season (winter & monsoon) in absence of natural food. This powder is converted into syrup before feeding the bees.

5.2 The product "Bee-Prime Feed" contains ingredients such as various vitamins, nutrients, minerals, amino acids etc., contained in honey and mixed with sulphur free refined sugar and pollen in an almost similar combination. It plays a role comparable to flower honey, when the said feed is added to water.

6. **Applicant's Interpretation of Law**: The applicant did not provide any interpretation of law in the application. However, the applicant during the personal hearing contended that their product merits classification under HSN 2309 9090(Animal Feed).

PERSONAL HEARING PROCEEDINGS HELD ON 23.01.2024

7. Sri. Ashok R Kulkarni, Proprietor, appeared for personal hearing proceedings and reiterated the facts narrated in their application.



FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

10. The applicant intend to export the product "Bee-Prime Feed", a honey bee feed that contains ingredients such as various vitamins, nutrients, minerals, amino acids etc., contained in honey and mixed with sulphur free refined sugar and pollen in an almost similar combination. It plays a role comparable to flower honey, when the feed is added to water. In view of the foregoing the applicant sought advance ruling in respect of the classification of their product and rate of tax, if applicable, thereon.

11. In view of the foregoing, we proceed to examine the classification of the impugned product. In this regard we invite reference to Explanations (iii) and (iv) appended to the Notification No. 01/2017- Central Tax (Rate), dated 28.06.2017, which are relevant to determination of Classification of a product as under:

(iii) "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).

(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 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.

Accordingly we make a reference to the Section Notes and Chapter Notes of the relevant Chapters of the Customs Tariff Act, 1975 and also the corresponding Harmonised Commodity Description and Coding System Explanatory Notes of World Customs Organisation (WCO).

12. We proceed to examine and determine the classification of the impugned product. The description of the impugned product "BEE-PRIME FEED" specifies that it is a premium nutritional supplement exclusively for bees and the same is a mixed supplementary feed. Further the Label specifies that the impugned product contains the ingredients of Vitamin C, niacin, vitamin B6 hydrochloride, vitamin



B12, L-arginine, L-threonine, L-alcohol, L-alanine, L-histidine, L-serine, L-valine, Sodium chloride, potassium chloride, fructo-oligosaccharide, glucose, mixed with refined sugar. Therefore it is clearly evident from the said label that the predominant ingredient is refined sugar. Further it is an admitted fact that the impugned product contains various vitamins, nutrients, minerals, amino acids etc., which are contained in honey and mixed with sulphur free refined sugar and pollen in an almost similar combination to that of the honey and thus the impugned product plays a role comparable to flower honey (natural honey) when the feed powder is added to water. Thus the product, though is not a natural honey but is similar to it and hence it qualifies to be an artificial honey.

13. The applicant submitted copy of the certificate of composition/Formula in accordance to which the impugned product contains L-Ascorbic acid-0.4%, L-Arginine - 1.5%, L-lysine hydrochloride - 2.07% and Dextrose Anhydrous Q.S. The applicant claims that the Dextrose Anhydrous is a carrier material. Dextrose is chemically pure glucose i.e. sulphur free refined sugar and is to the extent of 95%. From the open source it is seen that table sugar with supplements is used as feed for bees to prevent starvation during winter and when nectar secreting flowers are scarce. Thus refined sugar is an essential ingredient and not merely a carrier material in bee feed. Hence we find that the product is produced with glucose and additives and merits classification accordingly.

14. The applicant contended that their product is classifiable under HSN 2309 9090, as an animal feed, on the basis of general description of the said heading. It is observed from the HSN explanatory notes that Chapter 23 covers **Residues and waste from the food industries and prepared animal fodder**. Further Chapter Note 1 specifies that **heading 23.09 includes products of a kind used in animal feeding, not elsewhere specified or included, obtained by processing vegetable or animal materials to such an extent that they have lost the essential characteristics of the original material, other than vegetable waste, vegetable residues and by-products of such processing**. In the instant case the impugned product is not covered squarely under heading 2309 and the major ingredient sulphur free refined sugar has a specific entry in the tariff.

15. The explanatory notes to heading 1702 specifies that 1702 covers other sugars in solid form, sugar syrups and also artificial honey and caramel. Further explanation (C) to heading 1702 specifies that the term "artificial honey" applies to mixtures based on sucrose, glucose or invert sugar generally flavoured or coloured and prepared to imitate natural honey. Mixtures of natural and artificial honey are also included in this heading. In the instant case, it is an admitted fact that the impugned product has composition similar to that of the honey and thus the impugned product plays a role comparable to flower honey (natural honey) when water is added to the feed powder. Thus the impugned product merits classification under heading 1702.90, on the basis of specific description.

16. The general rules for the interpretation of the harmonised system, under rule 3 specifies that when by application of Rule 2 (b) or for any other reason, goods




are prima facie, classifiable under two or more headings, classification shall be effected under rule 3(a) / 3(b) / 3(c) and rule 3(a) specifies that **The heading which provides the most specific description shall be preferred to headings providing the more general description.** However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods. Thus we find that the product merits classification under heading 170290.

17. Now we proceed to determine the rate of tax applicable to the impugned product. In this regard, we invite reference to entry No.11 of Schedule III to Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended, which specifies that the products covered under heading 1702 & having description **Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel [other than palmyra sugar and Palmyra jaggery]** attract 18% GST. In the instant case the impugned product merits classification under heading 1702 as artificial honey and thus attract GST rate of 18%.

18. In view of the foregoing, we pass the following

RULING

- a) The HSN code for the product "BEE-PRIME FEED" is 1702.90
- b) The applicable rate of GST is 18%, in terms of entry number 11 of Schedule III to the Notification No.1/2017-Central Tax (Rate) dated 28.06.2017, as amended.
- c) The question is not in respect of the issues covered under Section 97(2) of the CGST Act 2017 and thus is beyond the jurisdiction of this authority.



(Dr. M.P. Ravi Prasad)

Member
MEMBER

Karnataka Advance Ruling Authority
Place : Bengaluru
Bengaluru - 560 009

Date : 21-05-2024

To,

The Applicant



(Kiran Reddy T)
Member

MEMBER
Karnataka Advance Ruling Authority
Bengaluru - 560 009



Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore North West Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-75, Bengaluru.
5. Office Folder.

