KERALA AUTHORITY FOR ADVANCE RULING **GOODS AND SERVICES TAX DEPARTMENT** **TAX TOWER, THIRUVANANTHAPURAM**	KERALA GST State Goods & Services Tax

BEFORE THE AUTHORITY OF: Shri Jomy Jacob IRS &

: Shri Mansur M.I.

Legal Name of the applicant	THE VANIAMPARA RUBBER COMPANY LIMITED
GSTIN	32AABCT0058M1ZG
ARN	AD321224001273W
Address	XXI/1423, VAZHAKALA BUILDINGS, KOTTAYAM- 686001.
Advance Ruling sought for	1. Whether quit rent/lease rent paid to Kerala Government on the land used for agricultural purpose (Rubber plantation) be classified under SAC Heading 9986 or 997212? 2. Whether lease rent collected by the Government through Forest Department is exempted from GST vide Heading 9986 of Notification 12/2017-Central Tax (Rate)?
Date of Personal Hearing	19-05-2025
Authorized Representative	Shri.Sabu.C.J., Advocate.

ADVANCE RULING No.KER/20/2025 Dated 01.07.2025

1. M/s. The Vaniampara Rubber Company Limited (hereinafter referred to as the applicant) is a company engaged in the cultivation of rubber, registered under the

AUTHORITY FOR ADVANCE RULING GST KERALA

CGST Act. The applicant holds 356.1232 Hectares of vacant land on perpetual lease from erstwhile Cochin State, now under the Government of Kerala for the cultivation of rubber plants.

2. In this Ruling, a reference hereinafter to the provisions of the CGST Act, Rules or the Notifications issued thereunder shall include a reference to the corresponding provisions of the KSGST Act, Rules or the Notifications issued thereunder.

3. The details of the questions on which advance ruling is sought are given above and are not being reproduced.

4. The contentions of the applicant:

4.1 The applicant submits that they have cultivated a rubber plantation on the land in question and have been paying quit rent or lease rent to the Government through the Forest Department. The issue prompting this application for advance ruling is the taxability of such rent paid for agricultural activities on the leased land. The Forest Department issued a notice to the applicant demanding tax arrears for the period from 2017–18 to 2023–24, based on an audit enquiry by the Accountant General, Kerala. The demand is grounded in the claim that the agricultural land leased to the applicant attracts GST at the rate of 18% under Section 7(1)(a), classified under SAC No. 997212.

4.2 The applicant submits that the Forest Department acted solely on the basis of the audit objection, and that no proceedings were initiated against them by the GST Department. The applicant further points out that the Kerala Authority for Advance Ruling has already clarified this issue in Order No. KER/11/2018 dated 20.10.2018, wherein it was ruled that quit rent or lease rent paid to the Kerala Government for land used for agricultural purposes falls under HSN 9986 and is eligible for exemption under GST. The applicant contends that this ruling is squarely applicable to their case and that the rent paid to the Government is therefore exempt from tax.

AUTHORITY FOR ADVANCE RULING GST KERALA

4.3. The applicant submits that the SAC classification proposed by the Accountant General under Heading 997212 pertains to real estate services, which is not applicable in the present case, as the land is used exclusively for agricultural purposes. The said classification relates to rental or leasing services involving own or leased non-residential property and does not cover land used for agricultural activities.

4.4. Further, it is submitted that "land," being an immovable property leased for agricultural activities, cannot be classified either as goods or as services under SAC 997212 or 9973. The appropriate classification is under SAC 9986. The Government has exempted GST on intra-State supply of services falling under this heading, as per Entry No. 54 of Notification No. 12/2017–Central Tax (Rate), dated 28.06.2017. The exemption covers services relating to the cultivation of plants or agricultural produce by way of lease of vacant land, with or without a structure incidental to such use. It is also extended to support services related to agriculture, forestry, fishing, animal husbandry, and other similar activities.

5. Comments of the Jurisdictional Officer

The application was forwarded to the jurisdictional officer as per provisions of Section 98(1) of the CGST Act. The jurisdictional officer, Tax Payer Services Circle, Kottayam Town submitted specific remarks that the vacant land leased from the Government is converting into rubber plantation and therefore the lease rent paid by the applicant is exempted from GST as per Notification No. 12/2017- Central Tax (Rate), Dated: 28.06.2017. The officer has not reported any pending or decided proceedings against the applicant relating to the subject case.

6. Personal Hearing:

6.1 The applicant was granted an opportunity for a personal hearing on 19.05.2025. Shri Sabu.C.J, advocate represented the applicant in personal hearing. The representative presented the facts of the case in detail and requested

AUTHORITY FOR ADVANCE RULING GST KERALA

to issue a ruling on the basis of the submissions made at the time of hearing as well as those submitted along with the application.

7. Discussion and Findings:

7.1 We have carefully examined the advance ruling application, the statement of facts, and the oral submissions made during the personal hearing. The applicant is engaged in the cultivation of rubber on land obtained through a perpetual lease from the Government of Kerala and pays quit rent/lease rent through the Forest Department. The issue for consideration is the appropriate classification of the lease rent paid to the Government whether it falls under SAC 9986 or 997212. The applicant also seeks clarification on the eligibility for GST exemption under Entry No. 54 of Notification No. 12/2017–Central Tax (Rate), dated 28.06.2017. Accordingly, the questions raised for a ruling fall within the scope of clauses (a) and (b) of sub-section (2) of Section 97 of the CGST Act- namely, "classification of any goods or services or both" and "applicability of a notification issued under the provisions of this Act." Hence, the application is admitted for consideration on its merits.

7.2 The first issue to be clarified is the appropriate SAC (Services Accounting Code) applicable to the quit rent paid by the applicant for land used for agricultural purposes (specifically, a rubber plantation), namely, whether it should be classified under SAC Heading 9986 or 997212. Although "quit rent" is not defined under any specific statute, it is generally understood in practice to be a levy imposed on government land leased out to private individuals for their use. In the present case, the applicant states that quit rent is paid to the Government of Kerala through the Forest Department for land used for agricultural purposes (rubber plantation). The applicant seeks a clarification on whether SAC 9986 or 997212 applies to this quit rent. From the application, it is evident that the land has been rented or leased by the Government to the applicant for agricultural use, and the quit rent is being paid in consideration for such leasing service. This service has squarely been classified under SAC 9986 under Notification No 11/2017-Central Tax(Rate) dated 28-07-2017 which is as follows:

AUTHORITY FOR ADVANCE RULING
GST
KERALA

Sl No	Chapter	Description of Service
24	9986	(i) Support services to agriculture, forestry, fishing, animal husbandry. Explanation. – "Support services to agriculture, forestry, fishing, animal husbandry" mean (i) Services relating to cultivation of plants and...by way of- (d) renting or leasing of agro machinery or vacant land with or without...

7.3 Thus, under clause (d) above, renting or leasing of vacant land falls under SAC 9986. SAC 9972 pertains to real estate services and none of the sub-categories therein are found suitable to classify the quit rent paid by the applicant. Hence we are of the opinion that the quit rent paid by them is classifiable under SAC 9986.

7.4 The second question is whether lease rent collected by the Government through Forest Department is exempted from GST vide Heading 9986 of Notification 12/2017-Central Tax (Rate). In this regard, the exemptions under the said notification were verified and it is found that the same stands exempted under Sl No 54 of the said notification which reads as under-

SI No.	Service Code(Tariff)	Description of Services	Rate	Condition
54	9986	Services relating to cultivation of plants... (d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;	Nil	Nil

7.5 Therefore, it is evident that the service involved herein is exempted under Sl No 54 of Notification No 12/2017-Central Tax (Rate) dated 28-06-2017.

AUTHORITY FOR ADVANCE RULING
GST
KERALA

7.6 To quote precedence we also find that the same decision was upheld by AAR, Kerala vide Order No. KER/11/2018 dated 20.10.2018.

8. In the light of the facts and legal position as stated above, the following rulings are issued:

RULINGS

Question 1: Whether the quit rent/lease rent paid to Kerala Government on the land used for agricultural purpose (Rubber plantation) be classified under SAC Heading 9986 or 997212?

Ruling: The quit rent/lease rent paid to the Kerala Government for land used for agricultural purposes (rubber plantation) is classifiable under SAC Heading 998619, with the service description-"Other support services related to agriculture, hunting, forestry, and fishing."

Question 2: Whether lease rent collected by the Government through Forest Department is exempted from GST vide Heading 9986 of Notification 12/2017-Central Tax (Rate)?

Ruling: Yes, the lease rent collected from the applicant by the Government through the Forest Department, for the purpose of converting vacant land into a rubber plantation, is exempt from GST as per sub-clause (d) of the service description under Entry No. 54 of Notification No. 12/2017–Central Tax (Rate), dated 28.06.2017, as amended from time to time.

Jomy Jacob, IRS
Additional Commissioner of Central Tax
Member

Mansur M.I.
Joint Commissioner of State Tax
Member

OFFICE OF THE COMMISSIONER STATE G.S.T.D KERALA * THIRUVANANTHAPURAM *

AUTHORITY FOR ADVANCE RULING * GST KERALA

To

THE VANIAMPARA RUBBER COMPANY LIMITED
XXI/1423,
VAZHAKALA BUILDINGS,
KOTTAYAM- 686001.

Copy submitted to:-

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin- 682018. [E-mail ID: cccochin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram – 695002.
3. The Commissioner of Central Tax and Central Excise, Cochin Commissionerate.

Copy to:-

1. Additional Commissioner, TPS (HQ), Thiruvananthapuram
2. The Deputy Commissioner, ITMD, Thiruvananthapuram
3. The State Tax Officer, Tax Payer services Circle, Kottayam Town.
4. The Superintendent, Central Tax, Kottayam I Range, Kottayam Division.

OFFICE OF THE COMMISSIONER STATE G.S.T.D KERALA
THIRUVANANTHAPURAM