

**THE AUTHORITY FOR ADVANCE RULING
IN KARNATAKA
GOODS AND SERVICES TAX
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD
GANDHINAGAR, BENGALURU - 560009**

Advance Ruling No. KAR ADRG 02/2024

Date: 29.01.2024

Present:

1. Dr. M.P. Ravi Prasad
Additional Commissioner of Commercial Taxes Member (State)
2. Sri. Kiran Reddy T
Additional Commissioner of Customs & Indirect TaxesMember (Central)

1.	Name and address of the applicant	M/s GLOBAL MARKETING, No.63, Pete Chennappa Industrial Estate, Sajje Palya, Bengaluru-560079, Karnataka.
2.	GSTIN or User ID	29AAGFG4276J1ZZ
3.	Date of filing of Form GST ARA-01	04.07.2023
4.	Represented by	Sri. Veerabasanagowda, Chartered Accountant, M/s P K Subramaniam & Co., & Authorised Representative
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Bengaluru West Commissionerate, West Division-2, RANGE-BWD2, Bengaluru
6.	Jurisdictional Authority - State	LGSTO 140, 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. DC2906230355453 dated 29.06.2023.

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

M/s Global Marketing, No.63, Pete Chennappa Industrial Estate, Sajje Palya, Bengaluru-560079, (hereinafter referred to as 'The applicant') having GSTIN 29AAGFG4276J1ZZ, have 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 and

KGST Rules 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The applicant is a Partnership firm, registered under the provision of Central Goods and Services Tax Act, 2017, as well as Karnataka Goods and Services Tax Act, 2017 (herein after referred to as the CGST Act and KGST / SGST Act respectively). The applicant is engaged in the business activity of buying and selling of products called "Tree Pruners". The product essentially consists of a pole which can be extendable in length and fitted with a knife, which is used in agricultural activities such as harvesting the crops of areca, pepper and coconut and also in spraying pesticide.

3. The applicant has sought advance ruling in respect of the following questions:

a) *Whether the tree pruners covered by HSN Code 82016000 relates to Agricultural implements manually operated or animal driven i.e. hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes, axes, bill hooks and similar hewing tools; secateurs and "pruners of any kind"; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry other than Ghamella".*

b) *Whether the supply of Agriculture Hand Tools i.e., Tree Pruners to farmer is exempt from the CGST / SGST/IGST Act.*

4. Admissibility of the application: The question is about the "Classification of goods or services or both" and "Determination of the liability to pay tax on any goods or services or both", which are covered under Sections 97(2)(a) and (e) respectively of the CGST Act 2017.

5. BRIEF FACTS OF THE CASE: The applicant furnishes some facts relevant to the issue.

5.1 The applicant states that they are engaged in the supply of a product called "Tree Pruners" which is imported from China. The product essentially consists of a pole which can be extendable in size and fitted with a knife, which is used in agricultural activities such as harvesting the crops of areca, pepper and coconut and also in spraying pesticide.

5.2 The applicant states that the said product is made, predominantly, out of raw material "Aluminium" and hence the probable classifications would be either based on the usage or based on the raw material i.e., articles of aluminium. Tree pruner is pole with manual extension and it is made up of aluminium. The contention of the applicant is that since it has the knife, it cannot be used for any general purpose, but it can be used by farmers for harvesting the crops of areca, pepper

and coconut and used in spraying pesticide.

5.3 The applicant also states that the market for the said product is seasonal and these "Tree Pruners" are extensively used by the agriculturists situated in Shivamogga, Tumkur, Davanagere etc., to pluck arecanut and coconut from respective trees. Therefore, it has usage only in relation to agriculture and hence is an agricultural implement. The product is also entitled for a subsidy from the Horticulture Department and they refer the product as Tree Pruner.

5.4 The applicant states that "Tree Pruners" are agricultural implements and hence in common parlance it can be regarded as a tool, which is used in agriculture specifically in relation to harvesting coconut, areca and pepper. Therefore, the product in question merits classification as an "agricultural implements / tool used in agriculture" under Tariff Heading 8201 9000.

5.5 The applicant has relied on the Ruling issued by the Karnataka Advance Ruling Authority in case of M/s. S.R.K. Ladders wherein it is stated that "Agriculture Tree climbing apparatus - Unipole manually operated Aluminium Ladder" is covered under Tariff Heading 8201 and is covered under Entry No.137 of Notification No.12/2017-Central Tax (rate) dated 28-06-2017 and in the instant case the product falls under manually operated agricultural implement and hence qualify to be a tool of a kind used in agriculture. Therefore, the aforesaid exemption is squarely applicable to the instant case.

5.6 The applicant has relied on the Hon'ble Supreme Court judgment in the case of M/s U.P State Agro Industrial Corp. Ltd. vs Kisan Upbhokta Parishad & Others (SC), wherein it is stated that implements are usually regarded as "tools" used by human beings with their hands, legs or driven by animal power, claims that their equipment be treated as agricultural implements.

5.7 The applicant has also referred the judgment of the Hon'ble High court of Karnataka in the case of M/s Kollamogru Harihara C.A. Bank Ltd vs State of Karnataka, (STA 162/2013 Dt 02-03-2015) where in it has been held that the product "Agricultural Tree Climbing apparatus - Unipole Manually operated" is an Agricultural implement. The same points is upheld by Hon'ble Apex court in the case of Spencer (Asia) Ltd., Vs State of Haryana (42 STC page 433) wherein it is held that the product is a kind of commonly used agricultural implement, regarded in common parlance according to the sense of agriculturist, ordinary traders and merchants as agricultural implements.

5.8 The applicant has submitted that for plucking of crops like arecanut and pepper, coconut skilled labour is required to climb long trees as it is difficult for the unskilled labour to climb and harvest such a crop. The agricultural hand tools i.e., the tree pruners, the manual extension pole for coconut and arecanut harvesting, apparatus/equipment is an implement consisting of an aluminium pole can be

used by unskilled labour also.

5.9 The applicant submits that their interpretation of the law and claims that their apparatus/equipment is operated manually by the human beings by using hands and legs and hence satisfies the tests to qualify as "Agricultural Implement manually operated or animal driven i.e. Hand Tools" and hence merits classification under heading 8201 of Customs Tariff Act 1975, attracting Nil rate of GST.

PERSONAL HEARING / PROCEEDINGS HELD ON 07.09.2023

6. Sri. Veerabasanagowda, Chartered Accountant and duly authorised representative of the applicant appeared for personal hearing proceedings held on 07.09.2023 & reiterated the facts narrated in their application.

FINDINGS & DISCUSSION

7. 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 matter 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.

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

9. The applicant states that they are engaged in the supply of a product called "Tree Pruners" which is used in agricultural activities such as harvesting the crops of areca, pepper and coconut and also in spraying pesticide. The applicant seeks advance ruling on whether the tree pruners covered by HSN Code 82016000 relates to Agricultural implements and rate of tax on the supply of the same.

10. The applicant states that the said product, Tree pruner, is a pole with manual extension and fitted with a knife. It is predominantly made up of aluminium. The contention of the applicant is that since it has a knife, it cannot be used for any general purpose, but can be used only by farmers for harvesting the crops of areca, pepper and coconut and used in spraying pesticide and hence the probable classification would be either based on the usage or based on the raw material i.e., articles of aluminium.

10.1 In view of the above the issue before us to decide is, whether the product of

the applicant is an agricultural implement or not. Therefore, we proceed to examine the issue so as to arrive at the appropriate classification of the said product of the applicant.

10.2 It is an admitted fact that the said product is made, predominantly, out of raw material "Aluminium" and hence the probable classifications would be either based on the usage or based on the raw material i.e. articles of aluminium.

11. Chapter 82 of the Customs Tariff covers "tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal". Tariff Heading 8201 covers "*Agricultural implements manually operated or animal driven i.e. Hand Tools..*" and Tariff Heading 8201 60 00 covers "*Hedge shears, two-handed pruning shears and similar two-handed shears Products.*"

12. The goods in question is a pole which is extendable and fitted with knife. The contention of the applicant is that since it has knife, it cannot be used for any general purpose but it can only be used by farmers for harvesting the crops of areca, pepper and coconut and used in spraying pesticide. The said product is seasonal and these "Tree Pruners" are extensively used by the agriculturists situated in Shivamogga, Tumkur, Davanagere etc. to pluck arecanut and coconut from respective trees. Therefore, it has usage only in relation to agriculture and hence is an agricultural implement.

13. Hon'ble Supreme Court in the case of M/s U.P State Agro Industrial Corp. Ltd., V/s Kisan Upbhokta Parishad & Others (SC), stated that '*in common parlance implements are usually regarded as tools used by human beings with their hands (and sometimes with their legs), or driven by animal power*'.

13.1. In the instant case, the goods in question "Tree Pruners" is an agricultural implement and hence in common parlance it can be regarded as a tool, which is used by both hands by human beings in agriculture specifically in relation to harvesting areca, coconut and pepper. Therefore, the product in question merits classification as an "agricultural implement / tool used in agriculture" under Tariff Heading 8201 6000.

14. Notification No.2/2017 - Central Tax (Rate) dated 28.06.2017 vide Entry No.137 exempts the goods falling under Tariff Heading 8201, which reads as under:


137.	8201	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
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In the instant case the product in question i.e, tree pruner is a manually operated agricultural implement and hence qualify to be a tool of a kind used in agriculture. Furthermore, 'pruners of any kind' finds specific mention in the description of entry at Sl.no. 137 and therefore the aforesaid exemption is squarely applicable to the instant case.

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

RULING

- a) Tree pruners covered under HSN Code 82016000 relates to Agricultural implements manually operated or animal driven i.e. hand tools, such as spades, shovels, mettocks, picks, hoes, forks and rakes, axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry.
- b) The supply of Tree Pruners is exempted vide Entry No.137 of Notification No.2/2017 – Central Tax (Rate) dated 28.06.2017.


(Dr. M.P. Ravi Prasad)
Member


(Kiran Reddy T)
Member

Place: Bengaluru

Date: 29.01.2024

To,

The Applicant

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, Bengaluru West GST Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-140, Bengaluru.
5. Office Folder.