

MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai - 400010.

(Constituted under Section 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. D. P. Gojamgunde, Joint Commissioner of State Tax, (Member)

(2) Ms. Priya Jadhav, Joint Commissioner of Central Tax, (Member)

ARN No.	AD271219001045H
GSTIN Number, if any/ User-id	27AAACV7247H1Z4
Legal Name of Applicant	M/s. VENKATESHWARA HATCHERIES PRIVATE LIMITED
Registered Address/ Address provided while obtaining user id	Venkateshwara House, S.No.114/A/2, Pune-Sinhagad Road, Pune -411030
Details of application	GST-ARA, Application No. 76 Dated 03.12.2019
Concerned officer	PUN-VAT-E-606, PUNE-LTU-001
Nature of activity(s) (proposed/present) in respect of which advance ruling sought	
A	Category
	Factory/Manufacturing, Warehouse/Deport, Service Provision, Service Recipient
Description (in brief))(As per applicant)	<ul style="list-style-type: none">• Rearing of Ducks, Hens & Other Birds, Production of eggs• Manufacture of pharmaceuticals, medicinal chemicals and botanical products• Production, processing and preservation of meat and meat products• Raising of poultry and production of eggs Other allied activities with respect to above
Issue/s on which advance ruling required	<ul style="list-style-type: none">➤ Classification of any goods or services or both➤ Applicability of a notification issued under the provisions of this Act
Question(s) on which advance ruling is required	As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017

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[hereinafter referred to as "the CGST Act and MGST Act" respectively] by M/s. Venkateshwara Hatcheries Pvt. Ltd., the applicant, seeking an advance ruling in respect of the following questions.

1. Whether Commission charged by VHPL under the selling arrangement for promoting, marketing and selling of birds of VRBF and Venco should be classified under Service Accounting Code 9986?
2. Whether Commission @ 10% of the sale value of birds of VRBFL and Venco received by VHPL under the Selling arrangement for promoting, marketing and selling of birds and handling the sale administration would be exempt as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017?
3. Whether charges received @ 3% of the sale value of birds of VRBFL and Venco for the Veterinary services provided by VHPL (SAC 99835) would be exempt from levy of GST as per entry number 46 of notification number 12/2017 -Central Tax (Rate) dated 28 June 2017 as Veterinary service?
4. Whether Laboratory testing and analysis undertaken by VHPL to carry out various laboratory analysis and tests in respect of the birds including feed, water etc. in relation to the brooding, growing and laying of birds, should be classified under Service Accounting Code 9986?
5. Whether charges received @ 7% of the sale value of birds of VRBFL and Venco for the Laboratory testing and analysis services provided by VHPL would be exempt from levy of GST as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017 as agricultural extension services?

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. FACTS AND CONTENTION - AS PER THE APPLICANT

1.1 The Venkateshwara Hatcheries group (hereinafter referred to as "VH Group") is engaged in the poultry industry for over four decades (established in 1970's) and is a pioneer in transforming the Indian poultry operations into an organized industry. It is the largest fully integrated poultry group in Asia that offers total support for poultry development ranging from pure line research and breeding, manufacture of poultry vaccines, medicines and specific pathogen free eggs. It has the technology, research expertise and well-established infrastructure for poultry activities that has helped maintain a major market share.

1.2 The Venkateshwara Hatcheries Private Limited (hereinafter referred to as "VHPL" or "Company" or "applicant") incorporated on 15th July, 1971 in the state of Andhra Pradesh is the flagship company of the VH Group with a wide network of poultry operations poultry, feed, vaccine, food etc.) Nationwide.

The main object of the company are;

To establish farms for the development of poultry industry in different parts of India

To carry on the business of hatching eggs and raising chicks for this purpose of promoting the poultry industry

- To carry the business of agriculturist and all the other business related, consequential and incidental for promoting the business of agriculture
- To aid the establishment of ancillary operation like hatcheries, brooder house breweries, distilleries etc.

1.4 Company has also gained expertise in the poultry operations on account of its long - standing reputation as well as infrastructure for carrying out various activities in relation to the process as well as research and development.

1.5 Company is also duly registered under Central Goods and Service Tax Act, 2017 (GST Registration No. 27AAACV7247H124), having its registered office at



S.NO.114/A/2, Venkateshwara House, Sinhagad Road, Pune, Maharashtra, 411030. Registration certificate is provided with this application. Company also has 19 different active registrations under GST on PAN India basis, details of which are provided with this application.

1.6 The Company has entered into an agreement with M/s Venkateshwara Research and Breeding Farm Limited (hereinafter referred to as 'VRBFL') dated 3 February 2003 and with M/s Venco Research and Breeding Farm Limited (hereinafter referred to as 'Venco') dated 5 August 2002 for providing services as listed below-

(a) Promote, market and sell birds of VRBFL and Venco as well as handle the sale administration for VRBFL and Venco (referred as "Selling arrangement")

(b) Rendering assistance to VRBFL and Venco as well as to customers of VRBFL and Venco in connection with growing the birds including creation of proper hygienic environment, medication, vaccination etc. (referred as "Veterinary services")

(c) Carry out various laboratory analysis and tests in respect of the birds including feed, water etc in relation to the brooding, growing and laying of birds (referred to as "Laboratory testing and analysis services")

1.7 For the services rendered as per above, VHPL has been receiving consideration in form of commission as per below from both VRBFL and Venco -

- **For selling arrangement:** Commission @ 10% of the sale value of parents stock, as reduced by returns, rejections, taxes etc
- **For Veterinary services:** Charges @ 3% of the sale value of parents stock, as reduced by returns, rejections, taxes etc
- **For Laboratory testing and analysis services:** Charges @ 7% of the sale value of parents stock, as reduced by returns, rejections, taxes etc
- Copies of both the above referred agreements attached with this application.



1.8 Presently the company has been mentioning following service accounting codes (SAC) on the invoice raised by it -

Service	SAC used for invoicing	Remarks
Commission charged under the selling arrangement	996111: Services provided for a fee/commission or contract basis on wholesale trade	See note 1
Veterinary services	99835: Veterinary services	--
Laboratory testing and analysis services	998346: Technical testing and analysis services	See note 1

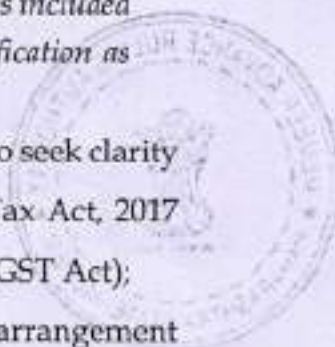
[Note 1: Support services to agriculture, hunting, forestry, fishing, mining and utilities is also classified under SAC -9986. Support services to agriculture is classified under SAC 998519. Commission charged by VHPL under selling arrangement is for support to agriculture (poultry to be specific - which is included under the ambit of term "agricultural produce") and therefore classification as SAC 998619 is also very much possible.)

1.9 Considering the exemption provided under the GST law, we wish to seek clarity on below as per section 97 (2) (b) of Central Goods and Service Tax Act, 2017 (CGST Act) and Maharashtra Goods and Service Tax Act, 2017 (MGST Act);

1.9.1 Whether Commission charged by VHPL under the selling arrangement for promoting, marketing and selling of birds of VRBF and Venco should be classified under Service Accounting Code 9986?

1.9.2 Whether Commission @ 10% of the sale value of birds of VRBFL and Venco received by VHPL under the Selling arrangement for promoting, marketing and selling of birds and handling the sale administration would be exempt as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017?

1.9.3 Whether charges received @ 3% of the sale value of birds of VRBFL and Venco for the Veterinary services provided by VHPL (SAC 99835) would



be exempt from levy of GST as per entry number 46 of notification number 12/2017 -Central Tax (Rate) dated 28 June 2017 as Veterinary service?

1.9.4 Whether Laboratory testing and analysis undertaken by VHPL to carry out various laboratory analysis and tests in respect of the birds including feed, water etc. in relation to the brooding, growing and laying of birds, should be classified under Service Accounting Code 9986?

1.9.5 Whether charges received @ 7% of the sale value of birds of VRBFL and Venco for the Laboratory testing and analysis services provided by VHPL would be exempt from levy of GST as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017 as agricultural extension services?

2. Statement containing the Applicant's interpretation of law

2.1 The applicant company i.e. Venkateshwara Hatcheries Private Limited ("VHPL") has entered into an agreement with M/S Venkateshwara Research And Breeding Farm Limited ("VRBFL") dated 3 February 2003 and with M/s Venco Research And Breeding Farm Limited ("Venco") dated 5 August 2002 for providing services as listed below -

- (a) Promote, market and sell birds of VRBFL and Venco as well as handle the sale administration for VRBFL and Venco (referred as "Selling arrangement")
- (b) Rendering assistance to VRBFL and Venco as well as to customers of VRBFL and Venco in connection with growing the birds including creation of proper hygienic environment, medication, vaccination etc (referred as "Veterinary services")
- (c) Carry out various laboratory analysis and tests in respect of the birds including feed, water etc. in relation to the brooding, growing and laying of birds (referred to as "Laboratory testing and analysis services")

2.2 For the services rendered as per above, VHPL has been receiving consideration in form of a commission as per below from both VRBFL and Venco -



- **For selling arrangement:** Commission @ 10% of the sale value of parents stock, as reduced by returns, rejections, taxes etc.
- **For Veterinary services:** Charges @ 3% of the sale value of parents stock, as reduced by returns, rejections, taxes etc.
- **For Laboratory testing and analysis services:** Charges @ 7% of the sale value of parents stock, as reduced by returns, rejections, taxes etc

Copies of both the above referred agreements attached with this application.

2.3 We have discussed in the ensuing paragraphs the nature of **each service as mentioned** above and applicant's interpretation of GST law in respect of the questions raised vide this application.

2.4 Commission received for selling arrangement

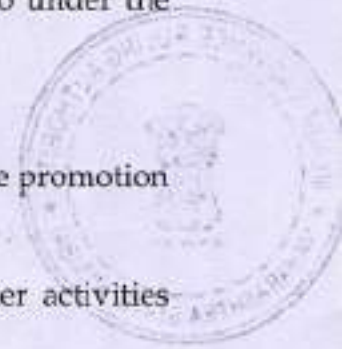
2.4.1 VHPL is providing following services for promoting, marketing and selling of the birds **for and** on behalf of VRBFL and Venco under the Selling arrangement

• **Marketing and promotion for the sale of chicks:**

- a) Establishing and maintaining marketing network for the promotion and sale of the chicks;
- b) Carry out various sales promotion campaign and other activities including advertisements, exhibitions, etc.
- c) Identification and evaluation of new entrepreneurs, who could be potential customers
- d) Render all assistance to the identified new customers for setting up the hatcheries / farms;
- e) Forecast determination of sales targets in consultation with VRBFL and Venco
- f) Ensure that the existing customers are retained

• **Causing or effecting sales for and on behalf of VRBFL and Venco:**

- a) Procurement of the orders from the new customers as well as the old customers



- b) Preparation of proforma invoice for obtaining advance;
- c) Obtain the advance and deposit in the bank accounts of VRBFL and Venco;
- d) Intimate VRBFL and Venco about the order and the delivery schedules;
- e) Arrange for obtaining the delivery from VRBFL and Venco and delivery to the customers;
- f) Collect the payments. VHPL is however not responsible for bad or doubtful debts.

• **Other incidental activities or services:**

- a) Feedback on the performance of chicks supplied
- b) Handling returns, rejections, shortages, mortalities and complaints etc
- c) Furnish the market intelligence and reports



2.4.2 The applicant puts significant efforts to grab customers for Group companies to enhance their sales volume. Through the applicant's ideas for the prospective clients towards starting up such new line of business, the applicant persistently endeavour to augment the Group companies operation. The existing broiler breeders who are engaged in commercial day-old chick gets pitched by the applicant for backward integration i.e. purchasing parent chicks of new breed from Group companies and then producing day old commercial chicks at their own farms. Factoring and analyzing the size of businesses of target customers, their hatchery farms, background checks, data analysis of past records etc. which are generally considered for acquiring and pitching these prospective clients.

2.4.3 The applicant also provides project reports for forecasting the future opportunities and solutions for business expansion of Group companies' broiler breeders. Further, applicant provides recommendation letters to banks for providing loans to such prospective customers of Group companies for expanding their businesses using their advanced breed.

Such assurance from the applicant enable the prospective clients to start their parent breeding line of businesses.

2.4.4 All the above activities performed by the Applicant with the motive to increase sales of Group companies substantially in future years as and when potential clients expand their business operations using their breeder stocks.

2.4.5 As per the agreement, the applicant's activities also include procurement of order from the customers which also includes preparation of proforma invoices, obtain advances and deposits, intimate Group companies about the order obtained, arranging delivery and collection of the payment. In addition to above services, the applicant involved in post-sales services like feedback on the performance of the chicks supplied, handling returns, rejection, complaints including furnishing market intelligence and reporting. Over the past few years, the applicant's marketing team is largely responsible for bringing the market share of broiler bird to nearly 65-75% today. The growth was a result of significantly changed sales policies which is implemented by marketing team of the applicant.

2.4.6 Commission at fixed percentage of 10% is charged on the sale value of parents stock as reduced by returns, rejections, taxes etc. by the applicant for providing selling arrangement services as discussed above.

2.4.7 The intention of the contracting parties is that VHPL would work as commission agent for VRBFL and Venco. However, VRBFL and Venco can also appoint any other agent for services to be provided by VHPL. No commission shall be payable to VHPL in respect of sales made through such other agent. Clause II of the agreement may please be referred to in this regard.

The above explicitly suggests that contractual intention is to appoint VHPL as a commission agent for sale of birds and chicks of VRBFL and Venco.



2.4.8 Notification number 12/2017-Central Tax (Rate) dated 28 June 2017 provides for exemption from levy of GST on specified goods and services. Entry number 54 of the said notification provides exemption from levy of GST on services classified under Service Code 9986 when provided by a commission agent for sale or purchase of the agricultural produce. Copy of the said notification is enclosed herewith.

As per the above referred notification, exemption would be available if following conditions are satisfied -

- a) The service provided is as per service code 9986
- b) The service is provided by a commission agent
- c) The service provided is for sale or purchase of agricultural produce

2.4.9 In our humble submission, the services provided by VHPL to VRBFL and Venco for a commission under Selling arrangement is squarely covered under the ambit of above referred notification, as each of the above three conditions are duly complied with - as discussed herein below -

- a) The service provided is as per service code 9986

Service code 9986 reads as follows -

Heading no.		Support services to agriculture, hunting, forestry, fishing, mining and utilities
Group 99861		Support services to agriculture, hunting, forestry and fishing
	998611	Support services to crop production
	998612	Animal husbandry services
	998619	Other support services to agriculture, hunting, forestry and fishing

The term "Animal Husbandry" can be understood as the science of farming of animal livestock. It includes caring, breeding and management of livestock. Poultry farming is a part of Animal Husbandry



and therefore services provided by VHPL should get covered under the ambit of Service Code 9986.

In case of Commissioner of Income Tax, Madras Vs. K. E. Sundara Mudaliar - The Madras High Court has specifically observed that poultry is included in husbandry. Copy of the ruling is enclosed herewith the application.

Other support services to agriculture are also covered under Service Code 9986. The term "agriculture" has not been defined. However, "agricultural produce" has been defined for the purpose of notification 12/2017-Central Tax (Rate) dated 28 June 2017 as-

"agricultural produce means any produce out of cultivation of plants and rearing of all life forms of animals - except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market."

Sale of day-old birds (layer or broiler) by VRBFL and Venco gets squarely covered under the ambit of agricultural produce as per above.

The Rent Agriculture Act, 1976 defined "agriculture" to include dairy farming and livestock keeping and breeding (whether those activities involve the use of land or not).

Also section 2(a) of the Agriculture Refinance (and Development) Corporation Act defines "agriculture" as to include animal husbandry, dairy farming, pisciculture and poultry farming.

Accordingly, services provided by VHPL to VRBFL and Venco as a commission agent for providing support by way of undertaking activities as mentioned at Para 4.1 above should get classified under service accounting code 9986.

Also, in case of M/s Erode Manjal Vanigarkal Matrum Kidangu Urimaiyalargal sangam, Order No.6/AAR/2018 dated 30th August 2018,



the AR authority of Tamil Nadu State has categorically held that Commission Agent providing support services for Agricultural produce (turmeric) and the services extended are right classifiable as Support service to agriculture' under the Heading 9986. Copy of the ruling is enclosed with this application.

b) The service is provided by a commission agent

The term "commission agent" has not been defined specifically. However, section 2(5) of the CGST Act defines the term "Agent" which includes a commission agent.

"Agent" has been defined to mean a person including a factor, broker, commission agent, arhatia, del-credere agent, an auctioneer or any other mercantile agent by whatever name called, who carries on the business of supply or receipt of goods or services on behalf of another.

VHPL has been appointed as Commission Agent by VRBFL and Venco to undertake the following activities on behalf of VRBFL and Venco -

- Market and promote sale of chicks
- Cause or affect sales for and on behalf of VRBFL and Venco
- Provide other incidental services such as handling returns, rejections, shortages, mortalities, complaints etc.

It is explicitly clear from the terms of the both agreements, that VHPL has been appointed as commission agent for selling products of VRBFL and VENCO.

Further, as per section 182 of the Indian Contract Act, 1872, an "agent" is *a person act for another, or to represent another in dealings with third person. The person for whom such act is done, or who is so represented, is called the "principal"*. As delineated in the definition, an agent can be appointed for performing any act on behalf of the principal which may or may not have the potential for representation on behalf of the principal. So, the crucial element here is the representative character of the agent which enables him to carry out activities on behalf of the principal.



In other words, an agent is a person engaged in representing principal in dealing with third person leading to gain of business by principal (in the form supply of goods or services) in turn for which commission is charged by agent typically as certain percentage of sale undertaken by principal due to services rendered by an agent.

In the instant case, VHPL has been appointed as commission agent to market and promote sale of chicks of VRBFL and VENCO and also to cause or affect sales for or on behalf of VRBFL and VENCO. For this, VHPL charges a sales commission at the rate of 10% of the sale value of parents stock. Accordingly, the services provided by VHPL to VENCO and RBEL is of a commission agent.

The applicant would also like to draw your attention by stating that, beside under indirect tax law, as per the provisions of the Income tax Act, 1961 also the Group companies has been paying the consideration to the applicant as a "Commission" payment and also deducting tax at source under section 194H @ 5% which is exclusively meant for payment of commission and brokerage. In fact, the same stand has not been challenged yet by the Income tax authority while conducting assessment proceeding in case of Group companies.

Copy of the sample TDS certificate under "Form-16A" reflecting tax deducted under the head "Commission" payment has been attached with this application.

c) The service provided is for sale or purchase of agricultural produce
Notification number 12/2017-Central Tax (Rate) dated 28 June 2017.

"agricultural produce means any produce out of cultivation of plants and rearing of all life forms of animals - except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market.



Parent birds and chicks sold by VRBFL and VENCO are animals (poultry) which are reared for food and on which no further processing is done which alter its essential characteristics. Thus, activity undertaken by VHPL as commission agent of VRBFL and VENCO for sale of poultry products, would get covered as sale of agricultural produce to and should get covered under the ambit of notification number 12/2017-Central Tax (Rate) dated 28 June 2017.

In *Lean & Dickson v. Ball* (1925] 10 TC 341 where it was held that poultry farming, where poultry derived sustenance to a material extent from the produce of the land, could be regarded as agricultural activity.

Thus, poultry products being covered as "agriculture produce", the activity undertaken by VHPL for and on behalf of VRBFL and VENCO would get covered as service provided for sale or purchase of agriculture produce.



2.4.10 Thus having complied with all the three conditions as per above, commission received by VHPL under the selling arrangement should be exempted from levy of GST as per terms of notification number 12/2017 - Central Tax (Rate) dated 28 June 2017.

2.4.11 Position under erstwhile Service Tax law Prior to introduction of GST, following was the position under service tax law -

For the period prior to 9 July 2004	For the period post 9 July 2004
Vide notification number 13/2003-Service tax dated 20 June 2003, business auxiliary service provided by a commission agent was exempted. "Commission agent" was defined to mean a person who causes sale or purchase of goods, on behalf of	Notification number 8/2004-Service Tax dated 9 July 2004 amended notification 13/2003 - Service tax dated 20 June 2003 to grant exemption only for business auxiliary service provided by a commission agent in relation to



another person for a consideration which is based on the quantum of such sale or purchase.

sale or purchase of agricultural produce.

The term "agricultural produce" was defined to mean any produce resulting from cultivation or plantation, on which either no further processing is done or such processing is done by the cultivator like tending, pruning, cutting, harvesting, drying which does not alter its essential characteristics but makes it only marketable and includes all cereals, pulses, fruits, nuts and vegetables, spices, copra, sugar cane, jaggery, raw vegetable fibres such as cotton, flax, jute, indigo, unmanufactured tobacco, betel leaves, tendu leaves, rice, coffee and tea but does not include manufactured products such as sugar, edible oils, processed food and processed tobacco.

VHPL was rightfully claiming exemption from levy of service tax as a "commission agent" prior to 9 July 2004. The same has also been observed by the Mumbai CESTAT in VHPL's own case - 2017 (47) STR 338 (Tri. Mumbai).

VHPL had started paying service tax with effect from 9 July 2004 because the exemption was restricted to service provided by a commission agent

in relation to sale or purchase of agricultural produce - as defined, which is different from the definition as per notification number 12/2017 - Central Tax Rate) dated 28 June 2017 under the GST law.

From the above, following is worth noting -

- For the commission received under selling arrangement, VHPL has been rightfully considered as a "Commission Agent".
- Even the Mumbai CESTAT has observed that VHPL is a "Commission Agent" when it is receiving 10% commission of the total cost of parent stock sold on behalf of VRBFL and VENCO
- Since definition of "agricultural produce" was different under the service tax law notification - which did not include rearing of all life forms of animals (*except the rearing of horses*) as per definition under the GST law notification, service tax was being paid by VHPL with effect from 9 July 2004.

However, since the definition of "agricultural produce" has been changed in the notification issued under the GST law, which now includes rearing of all life forms (*except rearing of horses*) - which shall include birds and day-old chicks, VHPL would be entitled to exemption from levy of GST as per terms of notification number 12/2017 - Central Tax (Rate) dated 28 June 2017.

2.5 Charges received for Veterinary services

2.5.1 Under Veterinary services, the Veterinary Doctors of VHPL render various Veterinary services to customers of VRBFL and VENCO. The services provided by Veterinary Doctors of VHPL include -

- conducting study and recommending appropriate vaccines
- Give timely suggestion on de-baking, despurring and detoeing etc
- Recommend preventive medication
- Provide guidance / suggestion on selecting birds for breeding purposes



- Provide diagnostic services, conduct post-mortem examinations and diagnose the disease conditions and monitor the flock, clinical and subclinical infections, suggest line of treatment / prescription etc
- Recommend feed formulation and give suggestions about specific formulation,
- Give suggestions about preservation of hatching eggs and incubation thereof
- Veterinary Doctor's visits and other related veterinary services

2.5.2 The Applicant's Veterinary Doctors work to prevent the onset of disease or parasites in flocks. They are trained to recognize at an early stage the presence of disease or parasites and to treat all flocks that are diseased or infested with parasites as soon as possible.

2.5.3 The applicant has specialized veterinary doctors at each location where VRBFL and VENCO has poultry farms or hatcheries. The applicant also has labs across India to provide testing services to the customers of VRBFL and VENCO. The poultry breeding stock being a valuable asset, these labs are called as 'health surveillance'. Through these professionals / doctors the applicant offers an extensive range of clinical services including serological, parasitological and microbiological testing services as well as post mortem examinations by staff veterinarians and diagnostic services at Group companies' farms.

2.5.4 The core objective of rendering Veterinary services is to diagnose diseases conditions including post-mortem examination, monitor the flocks, clinical and subclinical infections followed by suggesting treatment and prescription. Doctor's role also includes visiting the problematic farms and collect the data regarding all aspects of rearing practices, collection of blood samples and organs from dead birds for testing for advising to the customers to correct the anomalies.



2.5.5 All the doctors are employee of the applicant and employed on payroll mainly from veterinary background (i.e. graduates in veterinary science) plus specialized in poultry microbiology/ husbandry (management)/ disease diagnosis appointment letters of few doctors engaged by the applicant for the purpose of veterinary services along with their Form 16 has been enclosed with this application.

2.5.6 The Applicant's veterinary services also includes the following;

- ▶ Individual programs of vaccination, preventative husbandry and veterinary field trial management. These are preferred to post outbreak intervention. Advice is also given on the refinement of operational hygiene standards.
- ▶ In addition to veterinary referral and consultancy, technical support and veterinary field trial management is provided to Group companies to support the farms with respect to the potential or prevailing disease around the area of their farms.
- ▶ Providing clinical services to Group companies for detecting the nature of diseases, health concerns and medication with respect to the same. The applicant has separate veterinary section and laboratory section in its health centres where regular vet services are rendered to Group companies and its customers which is different than the advanced laboratory service.
- ▶ Post-mortem or diagnostic examinations and selecting the appropriate line of treatment.
- ▶ Nutritional advisory for flock health, growth and disease prevention. These includes farm to farm consultancy due to difference in climatic conditions and availability of nutritional feeds that should be provided for breeding of chicks.



2.5.7 Entry no. 46 of exemption Notification No.12/ 2017- Central Tax (Rate) dated 28th June, 2017 exempts services under heading 9983 by a veterinary clinic in relation to healthcare of animals or birds.

2.5.8 The term "*veterinary clinic*" has not been defined anywhere in the impugned notification nor in the CGST law. Hence, the company relies upon the general definition as per medical dictionary, which provides that,

"Veterinary clinic, where health care worker who is skilled in technical aspects of veterinary medicine and works as a professional assistant to a veterinarian or to any of various types of researcher and scientists relating to the preventive health and diseases management of animals, also encompassing meat hygiene, zoonosis and epidemiology."

As discussed above, the applicant has specialized veterinary doctors at each location where VRBFL and VENCO has poultry farms or hatcheries. The applicant also has labs across India to provide testing services to the customers of VRBFL and VENCO.

Also the Veterinary doctors appointed by VHPL are skilled in technical aspect of veterinary medicine and works for providing veterinary services to customers of VRBFL and VENCO. The core objective of rendering veterinary service is to diagnose diseases conditions including post mortem examination, monitor the clocks, clinical and subclinical infections followed by suggesting treatment and prescription. Doctor's role also includes visiting the problematic farms and collect the data regarding all aspects of rearing practices, collection of blood samples and organs from dead birds for testing for advising to the customers to correct the anomalies. These activities get squarely covered as services in relation to healthcare of birds.

The veterinary services provided by VHPL to VRBFL and VENCO are classified under heading 9983 and are in relation to healthcare of birds. Copy of invoices raised by VHPL are enclosed with this application.



Therefore, in our humble submission, veterinary services provided by VHPL should be considered as exempted in terms of entry number 46 of notification number 12/2017 Central Tax (Rate) dated 28 June 2017.

2.6 Charges received for Laboratory testing and analysis services

2.6.1 Under Laboratory testing and analysis services, VHPL provides following services to

VRBFL and VENCO -

- ▶ Routine diagnostic services
- ▶ Specialized laboratory examinations
- ▶ Proximate analysis of feed and feed ingredients with various tests
- ▶ Water related tests

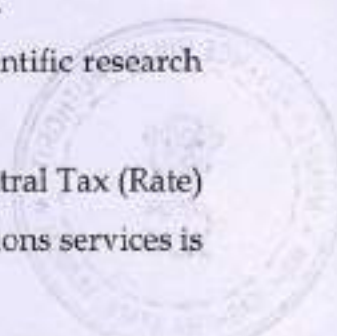
All the above services are for laboratory analysis in respects of birds of VRBFL and VENCO. Detailed scope of services are in agreements entered by VHPL with VRBFL and VENCO respectively.

2.6.2 All the above services are provided by application of scientific research and knowledge to poultry products.

2.6.3 Vide entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017, services by way of agricultural extensions services is exempt from levy of GST.

2.6.4 The term "agricultural extension" has been defined at clause 2 (c) of the notification number 12/2017-Central Tax (Rate) dated 28 June 2017 to mean application of scientific research and knowledge to agricultural practices through farmer education or training.

2.6.5 VHPL provides laboratory analysis and testing services which is clearly an application of scientific research and knowledge to agricultural practice (which includes poultry), and therefore should get covered under the terms of exemption notification.



2.6.6 Further, services by way of process which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market is also exempt from levy of GST.

The term "agricultural produce" has been defined as -

"agricultural produce means any produce out of cultivation of plants and rearing of all life forms of animals - except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market."

Parent birds and chicks sold by VRBFL and VENCO are animals (poultry) which are reared for food and on which no further processing is done which alter its essential characteristics.

Thus, activity undertaken by VHPL as a process of laboratory analysis and testing should get covered as an operation which do not alter the essential characteristic of agricultural produces and therefore should get covered under the ambit of notification number 12/2017-Central Tax (Rate) dated 28 June 2017.

In an advance ruling order number RAJ/AAR/2018-19/18 dated 15 September 2017 passed by the Rajasthan Authority for Advance Ruling in case of M/s Shubhlaxmi Cold Storage and Ice Factory Private Limited, the Hon'ble authority for advance ruling has held that charges received by applicant for providing service of storing of "Fresh Eggs" (poultry products) - which are produce of rearing of animals / poultry farming, is exempted from payment of GST in terms of entry number 54 of notification number 12/2017-CT (Rate) dated 28 June 2017.

Taking reference from the above advance ruling, laboratory analysis and testing services undertaken by VHPL for birds of VRBFL and VENCO which do not alter the essential characteristics of these poultry products (agricultural produce) but make it only marketable for primary market



and which also qualifies as "agricultural extension" service, should also be exempt from levy of GST.

Prayer:

1. In light of the above, we pray that the Commission received under "Selling arrangement" clause to be given exemption from GST as per Entry 54(g) of the exemption Notification No. 12/2017- Central Tax (Rate) dated 28th June, 2017...
2. We pray that "Veterinary Services" to be considered as exempt services by virtue of services rendered by clinic in relation to health care services under the Entry No. 46 of the exemption Notification No. 12 of 2017 Central Tax (Rate) dated 28th June 2017.
3. We pray that "Laboratory testing and analysis services" to be considered as exempt Services as per Entry 54(a) of the exemption Notification No.12/ 2017- Central Tax (Rate) dated 28th June, 2017.



2.6.7 Applicant files additional Submission dated 17.01.2020 as under: -

The applicant Venkateshwara Hatcheries Private Limited having registered office address as "Venkateshwara House", S.No.114/A/2, Pune- Sinhadgad Road, Pune 411030, have received the aforesaid notice intimating preliminary hearing date, which is scheduled on 22nd Jan, 2020 and also seeking information as per additional requirement mentioned in the said notice. In reply thereto, we state and submit as follows -

1. The Company had two registration under Central Excise law which was (1) AAACV7247HEM004 (Hinjewadi) and (2) AAACV7247HEM003 (Varadade). Registration no. under Service tax was - AAACV7247 HST001. Copy of Central Excise & Service tax registration attached with this application.
2. (a) Classification of goods and their Central Excise Tariff heading
 - a. Vaccine for Veterinary Medicine -30023000 and

- b. Veterinary Medicine Preparation not for human use -30049085
- (b) Rate of Central Excise duty as applicable the rate of Central Excise duty was 2% & 6% - 2012 (As amended from time to time)
- (c) Details of benefit of notification of Central Excise if any availed no benefit were availed under any notification of Central Excise.

3. (a) Classification of Service/Services as applicable -

Company has obtained service tax registration under the service category of "Management or business consultant service, Consulting engineer services, Security/ detective agency service, Technical inspection and certification agency service, Business auxiliary service, Transport of goods by road/goods transport agency service".

(b) Rate/ Rates of Service tax as applicable to services provided -

The rate of service tax applicable was 15% (i.e. 14% basic service tax + 0.50% Krishi Kalyan Cess +0.50% Swachh Bharat Cess)

(c) Details of benefit of notification of Service tax if any availed -

We were claiming abatement @ under Sr. 7 of Notification No. 26/2012 and Sr. 1 of Notification No. 30/2012- Service Tax dated 20th June, 2012 and 06th June, 2012 (As amended from time to time)

4. Copy of show cause notices / Adjudication orders in case of Central Excise and Service Tax if any issued during last 5 years in case of the company / related company / sister concern

- a. Copy of Show cause notice dated 11th March, 2019 issued under Service tax law in case of M/s Venco Research & Breeding Farm Pvt. Ltd. attached with this application.



- b. Copy of Show cause notice dated 13th Feb, 2019 issued under Service tax law in case of M/s Venkateshwara Hatcheries Private Limited attached with this application.
 - c. Copy of audit report, conducted under Service tax law, dated 2nd April, 2014 in case of M/s Venkateshwara Hatcheries Private Limited attached with this application.
5. Cases of violation of Central Excise and Service Tax if any booked during last 5 years. No violations has been booked under Central Excise and Service tax law during last five years.

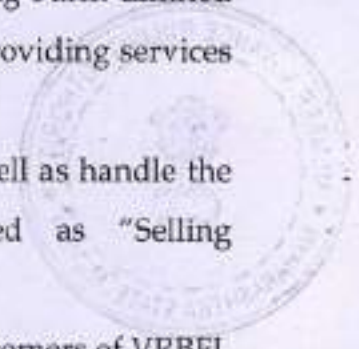
03. CONTENTION - AS PER THE CONCERNED JURISDICTIONAL OFFICER:

(A). Background in brief-

The Company has entered into an agreement with M/s Venkateshwara Research And Breeding Farm Limited (hereinafter referred to as 'VRBFL') dated 3 February 2003 and with M/s Venco Research And Breeding Farm Limited (hereinafter referred to as 'Venco') dated 5 August 2002 for providing services as listed below -

- (a) Promote, market and sell birds of VRBFL and Venco as well as handle the sale administration for VRBFL and Venco (referred as "Selling arrangement")
- (b) Rendering assistance to VRBFL and Venco as well as to customers of VRBFL and Venco in connection with growing the birds including creation of proper hygienic environment, medication, vaccination etc (referred as "Veterinary services")
- (c) Carry out various laboratory analysis and tests in respect of the birds including feed, water etc in relation to the brooding, growing and laying of birds (referred to as "Laboratory testing and analysis services")

For the services rendered as per above, VHPL has been receiving consideration in form of a commission as per below from both VRBFL and Venco -



- For selling arrangement: Commission @ 10% of the sale value of parents stock, as reduced by returns, rejections, taxes etc.
- For Veterinary services: Charges @ 3% of the sale value of parents stock, as reduced by returns, rejections, taxes etc.
- For Laboratory testing and analysis services: Charges @ 7% of the sale value of parents stock, as reduced by returns, rejections, taxes etc.

Presently the company has been mentioning following service accounting codes (SAC) on the invoice raised by it -

Service	SAC used for invoicing	Tax Rate
Commission charged under the selling arrangement	996111: Services provided for a fee / commission or contract basis on wholesale trade.	18%
Veterinary services	99835: Veterinary services.	18%
Laboratory testing and analysis services	998346: Technical testing and analysis services.	18%

(B) Brief clarification of this office to VHPL points-

Considering the exemption provided under the GST law, the company wish to seek clarity on below as per section 97 (2) (b) of Central Goods and Service Tax Act, 2017 (CGST Act) and Maharashtra Goods and Service Tax Act, 2017 (MGST Act);

Question 1: - Whether Commission charged by VHPL under the selling arrangement for promoting, marketing and selling of birds of VRBF and Venco should be classified under Service Accounting Code 9986?

Clarification:

No, this office is in opinion that Commission charged by VHPL under the selling arrangement for promoting, marketing and selling of birds of VRBF and Venco should not be classified under Service Accounting Code 9986.

Question 2: - Whether Commission @ 10% of the sale value of birds of VRBFL and Venco received by VHPL under the Selling arrangement for promoting,

marketing and selling of birds and handling the sale administration would be exempt as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017?

Clarification:

No, the commission charged on the promotion, marketing, and sale of birds is taxable under GST. Here's why:

1. Nature of Service: Promotion, marketing, and selling activities are considered as "supply of services" under GST as per Section 7 of the CGST Act, 2017.
2. GST Rate: The standard GST rate for commission or brokerage services is 18% under SAC (Service Accounting Code) 9961 or 9997.
3. Reverse Charge Mechanism (RCM): If the commission is paid by an entity covered under RCM (e.g., an agricultural produce commission agent for specific products), the GST liability might fall on the recipient. However, birds do not fall under the category of "agricultural produce," so normal GST rules apply.

Question 3: - Whether charges received @ 3% of the sale value of birds of VRBFL and Venco for the Veterinary services provided by VHPL (SAC 99835) would be exempt from levy of GST as per entry number 46 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017 as Veterinary service?

Clarification:

As per Notification No. 12/2017-Central Tax (Rate), Entry No. 46, "Services by way of medical care for animals or veterinary clinic services" are exempt from GST.

Scenario: Company Providing Veterinary Services to another Company

If a company provides pure veterinary services (such as treatment, diagnosis, or medical consultancy for animals) to another company, GST is not applicable.

Exceptions: When GST is Applicable

If the company also supplies taxable goods (e.g., medicines, pet food, supplements), GST applies to those goods.



If the company provides other non-exempt services (e.g., training, grooming, or boarding), GST applies at the applicable rate.

If the company acts as a consultant rather than a veterinary service provider, the exemption may not apply.

Question 4:- Whether Laboratory testing and analysis undertaken by VHPL to carry out various laboratory analysis and tests in respect of the birds including feed, water etc. in relation to the brooding, growing and laying of birds, should be classified under Service Accounting Code 9986?

Clarification:

This office is in opinion that, the laboratory testing and analysis services related to birds, including feed and water, in connection with brooding, growing, and laying of birds, may be classified under Service Accounting Code (SAC) 9986.

Explanation:

1. SAC 9986 covers "Agricultural and Animal Husbandry Services", including:
 - Support services for animal production.
 - Veterinary services.
 - Testing and analysis services related to livestock.

Question 5:- Whether charges received @ 7% of the sale value of birds of VRBFL and Venco for the Laboratory testing and analysis services provided by VHPL would be exempt from levy of GST as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017 as agricultural extension services?

Clarification:

If the testing services fall under veterinary services or support for animal husbandry, they may be exempt as per Notification No. 12/2017 - Central Tax (Rate), Entry 46.

However, if classified purely under technical or scientific laboratory testing services, it may attract 18% GST under SAC 9983 (if not related directly to animal care).



04. HEARING

Preliminary hearing in the matter held on 22.01.2020. The authorized representative of the applicant was present, requested for admission of his application. Jurisdictional officer also appeared.

The application was admitted and called for final e-hearing on 27.03.2025. Mr. Sanjay Chaberia, C.A., appeared made oral and written submissions. Jurisdictional Officer Mr. Sudhir Dingre, Deputy Commissioner, PUN-VAT-E-606, LTU-1, Pune appeared. We heard both the sides.

05. OBSERVATIONS AND FINDINGS:

5.1. We have gone through the records of the case and the submission made by the applicant in their application and at the time of the personal hearing. We have also gone through the submissions made by the jurisdictional officer vide letter dated 20.3.2025. In the instant case, the applicant is providing the following services to Venkateshwara Research and Breeding Farm Ltd., vide agreement dt. 5.8.2022, the details of which are as under: -

A) **Selling Arrangement:** - The applicant shall render the following services or carry out the following activities for promoting, marketing and selling the chicks for and on behalf of Venkateshwara Research and Breeding Farm Ltd. (VRB)

1. Marketing and promotion for sale of chicks: -

- a) Establishing and maintaining marketing network for promotion and sale of chicks
- b) Carry out various sales promotion campaign and other activities including advertisements, exhibition etc.
- c) Identification and evaluation of new entrepreneurs, who could be potential customers
- d) Render all assistance to the identified new customers for setting up the hatcheries/farms.
- e) Forecast and determine sales targets.
- f) Ensure that existing customers are retained.

2. Causing or effecting sales for and on behalf of VRB



- a) Procurement of the orders from the new customers as well as the old customers;
- b) Preparation of proforma invoice for obtaining advance;
- c) Obtain the advance and deposit in the bank accounts of VRB;
- d) Intimate VRB about the order and the delivery schedules;
- e) Arrange for obtaining the delivery from VRB and delivery to the customers and
- f) Collect the payments.

3. Other incidental activities or services:

- a) Feedback on the performance of the chicks supplied.
- b) Handling returns, rejections, shortages, mortalities and complaints; and
- c) Furnish market intelligence and reports.

B) **Veterinary Services:** - The Veterinary Doctors of the applicant shall render the following services to the customers of VRB:-

1. Brooding/growing/laying: -

- a) Conduct study and recommend appropriate vaccines depending on the situation and the likely prevailing diseases which may be encountered in their farms/hatcheries.
- b) Suggestion considering diseases situation in particular area, appropriate age at which vaccines are to be given and doses, mode thereof.
- c) Give timely suggestion on de-beaking, de-spurring and de-toeing; etc.
- d) Recommend preventive medication at different age groups rearing period.
- e) Give suggestion about actual brooding so as to achieve uniform growth, standard weights and lowest mortality.

2. Selection

- a) Guidance/suggestion on selecting Male and Female breeders for breeding purposes based on different traits.
- b) Render assistance in mapping breeders in different climatic conditions and in preventing and in overcoming poultry diseases.
- c) Suggestion about proper lighting depending on the location of the farm with a view to achieve maximum egg production.



3. Diagnostic services: -

- a) Conduct post mortem examinations and diagnose the disease conditions and monitor the flocks, clinical and sub clinical infections. Suggest line of treatment/prescription etc.

4. Feed

- a) Recommendation regarding feed formulation depending upon the available local ingredients, seasonal and climatic conditions.
- b) Recommendation about the suitability and level of different feed ingredients based on proximate analysis mycotoxin estimation and micro biological examinations.
- c) Giving suggestion about specific formulation based on flock performance, growth rate, body weight and egg production of breeders etc.

5. Hatchery

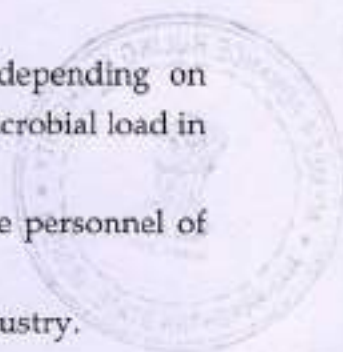
- a) Give suggestions about preservation of hatching eggs and incubation thereof;
- b) Impart services to judge quality of chicks produced
- c) Give recommendation about hatchery sanitation depending on hatchery environment monitoring and looking for microbial load in hatchery.
- d) Organizing technical seminars & Workshops for the personnel of various hatcheries/farms.
- e) Communicate the latest developments in poultry industry.

6. Doctors Visit:-

Veterinary Doctors and other experts will visit the problematic farm and collect the data regarding all aspects of rearing practices, do the post mortems, collect the blood samples and organs from dead birds and any other relevant samples for testing. After testing, based on the results of the test, give advice/prescription to the customers to correct the anomalies. Hatchery and shed microbial analysis is also carried out to determine the hygienic standard of the hatchery or shed.

7. Other Services:

- a) Recommend various avenues for marketing commercial broilers.



- b) Organize seminars and workshop for farmers.
- c) Collect data on competitors bird performance and give feedback.
- d) To arrange for transit insurance of parent chicks, settlement of insurance claims, if any.

C) Laboratory analysis and testing services:-

1. Routine Diagnostic services:-

- a) Post Mortem Examination:- Postmortem examination is basic for diagnosis of disease. Based on the gross changes in organs, one can tentatively diagnose the disease condition.
- b) Prescription: Based on the post mortem examination, the prescription is to be given to the farmer which contains the medication prescribed, any vaccination if required and preventive guidelines.

2. Specialized laboratory examinations:-

- a) Histopathology.
- b) Bacterial Isolation.
- c) Antibiotic Sensitivity Test.
- d) Virus Isolation
- e) Serological Examination:- Various serological tests can be used to confirm presence of antigen or antibody in the sera such as Agar Gel Precipitation Test (AGPT), Haemagglutination inhibition test, ELISA test, Salmonella Plate Test, Mycoplasma Plate test.
- f) Polymerase Chain Reaction.
- g) Identification and characterization of Bacteria.
- h) Identification and characterization of Virus.

3. Proximate analysis of feed and feed ingredients includes following tests:

- a) Moisture b) Crude Protein (c) Crude fiber (d) crude Fat (e) Total Ash (f) Sand Silica (g) Calcium and phosphorus (h) Salt (i) Toxins (j) Urase activity (k) Thirum Test (l) Feed.

4. Water related tests:-

- a) Water- Microbial Analysis (b) Water Hardness/pH (c) Chlorine residue (d) Disinfectant efficacy.



5.2. We find that the applicant is receiving commission from the clients @10% of the value of sale of birds for the selling arrangement, 3% of the value of sale of birds for the Veterinary Services and 7% of the value of sale of birds for the Laboratory Testing services provided by them to the clients. From the copy of the invoice submitted by the applicant alongwith the application, it is seen that they are currently classifying the commission received on sale under Heading 9961, Veterinary services under Heading 99835 and technical testing and analysis services under Heading 998346 and paying 18% tax on the services supplied by them. Under this application, the applicant is seeking classification of selling services under Heading 9986 and claiming benefit of S.No.54 of Notification No.12/2017 Central Tax (Rate) dated 28.6.2017. In respect of Veterinary services, they are seeking classification under SAC 99835 read with SL.No.46 of Notification No.12/2017 Central Tax (Rate) dated 28.6.2017 and in respect of Laboratory testing and analysis services, they are seeking classification under 9986 and exemption under Sr.No. 54 of Notification No.12/2017 Central Tax (Rate) dated 28.6.2017.

5.2.1 The various tariff headings and the exemptions claimed by the applicant are as under: -

Sr. No.	Chapter, Section, Heading or Group	Service Code	Service Description
1	9961 (Services in wholesale trade)	996111	Services provided for a fee or commission or on contract basis on wholesale trade
2.	99835 (Veterinary Services)	998352	Veterinary services for live stock
3.	99834 (Scientific and other technical services)	998346	Technical testing and analysis services

4.	99861 (Support services to agriculture, hunting, forestry and fishing)	998612	Animal husbandry services
		998619	Other support services to agriculture, hunting, forestry and fishing.

5.2.2 The relevant particulars of Notification No.12/2017 Central Tax (Rate) dated 28.6.2017, which gives details of fully exempted services, the benefit of which is being claimed by the applicant, are as under:-

Sr. No.	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of services	Rate Percent	Condition
46	9983	Services by a veterinary clinic in relation to health care of animals or birds	Nil	Nil
54	Heading 9986	Services relating to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce by way of— (a) agricultural operations directly related to production of any agricultural produce including cultivation,	Nil	Nil





	<p>harvesting, threshing, plant protection or testing;</p> <p>(b) supply of farm labour;</p> <p>(c) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;</p> <p>(d) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;</p> <p>(e) loading, unloading, packing, storage or warehousing of agricultural produce;</p> <p>(f) agricultural extension services;</p> <p>(g) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce</p>	
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As per Clause 2(d) of the said Notification, "agricultural produce" means any produce out of cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;

5.2.3 The Explanatory notes to the scheme of classification of services under the various relevant headings are as under:-

998346 Technical testing and analysis services

This service code includes

1. *testing and analysis of the chemical and biological properties of materials such as air, water, waste (municipal and industrial), fuels, metal, soil, minerals, food and chemicals;*
2. *Testing and analysis in related scientific fields such as microbiology, biochemistry, bacteriology, etc.;*
3. *testing and analysis of physical properties such as strength, ductility, electrical conductivity or radioactivity of materials such as metals, plastics, textiles, woods, glass, concrete and other materials; tests for tension, hardness, impact resistance, fatigue resistance and high-temperature effects;*
4. *testing and analysis of the mechanical and electrical characteristics of complete machinery, motors, automobiles, tools, appliances, communication equipment and other equipment incorporating mechanical and electrical components. The results of the testing and analysis generally take the form of an assessment of the performance and behavioural characteristics of the object tested. Tests may be performed using models or mock-ups of ships, aircraft, dams, etc.;*
5. *periodical technical inspection of automobiles, motorcycles, buses, lorries, trucks and other road transport vehicles; testing and analysis of a technical or scientific nature that does not alter the object being tested;*



6. Radiographic, magnetic, and ultrasonic testing of machine parts and structures in order to identify defects. These tests are often conducted on site;

7. Radiological inspection of welds

This service code does not include:

- damage assessment services, cf. 997162
- assessment of damages on behalf of insurance companies, cf. 9971620
- medical and dental analyses and testing services, cf. 99931

998352 Veterinary services for livestock

This service code includes animal and veterinary hospital and non-hospital medical, surgical and dental services delivered to livestock. The services are aimed at curing, restoring and/or maintaining the health of the animal; hospital, laboratory and technical services for livestock; provision of dietary recommendations for livestock

This service code does not include:

- services related to animal husbandry such as artificial insemination, cf. 998612

998612 Animal husbandry services

This service code includes sheep shearing and care and management of herds of farm animals; artificial insemination of farm animals; grading of eggs; cleaning of agricultural premises (hen houses, piggeries, etc.); accommodation services for pets (kennels); grooming and tattooing services for pets; training of pet animals; Farm animal husbandry services on inputs owned by others like operation of a farm animal production unit on a fee or contract basis

This service code does not include:

- services provided by agronomists and agricultural economists, cf. 998311
- veterinary services for pets and other animals, cf. 99835
- training of guard dogs cf. 998529
- recreational riding services, cf. 999652
- training of sport and entertainment animals cf. 999662

998619 Other support services related to agriculture, hunting, forestry and fishing

This service code includes other support services related to agriculture, hunting, forestry and fishing, n.e.c.



5.3. We find that the applicant is providing services of marketing and selling of chicks, carrying out sales promotion, identification of new customers, etc., in addition to procurement of orders, preparation of invoices, collecting advances, collecting payment and other incidental activities. It is relevant to understand that the applicant is acting as a commission agent for Venkateshwara Research and Breeding Farm Ltd. They are basically engaged in sale of 'chicks' which are sold to other poultry farmers who breed these chicks into hens or roosters. These hens and roosters are then sold by these poultry farm owners for food, meat, eggs etc. It is seen from the applicant's submission that the existing broiler breeders who are engaged in commercial day-old chick gets pitched by the applicant for backward integration, i.e. purchasing parent hicks of new breed from group companies and then producing day old commercial chicks at their own farms. It includes factoring and analyzing the size of business of target customers, the customer's hatchery farms, background checks etc., for acquiring and pitching these prospective clients. Heading 9986 under Notification 11/2017 Central Tax (Rate) dated 28.6.2017 covers support services to Agriculture, which includes animal husbandry. The explanatory notes to the said services under Heading 99861 provides for actual support services provided to poultry farmers, which includes sale of agricultural produce. In terms of the Notification No.11/2017 Central Tax (Rate) dated 28.6.2017 and Notification No.12/2017 Central Tax (Rate) dated 28.6.2017, agricultural produce has been defined as any produce out of cultivation of plants and rearing of all life forms of animals, except horses, for food, fibre, fuel, raw material or other similar products, on which either no further processing is done or such processing is done as is usually done by a cultivator or producer, which does not alter its essential characteristics but makes it marketable for primary market. From a reading of the said definition, it can be said that the chicks in this case would not fall under the definition of an agricultural produce as it





is not a produce out of rearing of livestock for the purpose of food, fibre, fuel, raw material or other similar product but are reared for sale to other poultry farmers, who will do the further rearing of these chicks for the purpose of food etc.,. In the instant case, we find that the services provided by the applicant in the form of services of selling and incidental services are akin to services provided by a commission agent. The word "Agent" has been defined under Section 2(5) of the CGST Act, as a person including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent by whatever name called, who carries on the business of supply or receipt of goods or services on behalf of another. In the instant case, the applicant is working as a commission agent for sale of the chicks on behalf of the client. Such services are not for sale of any agricultural produce but in fact such services are for sale of livestock themselves for the purpose of breeding. Therefore, we find that the services provided by the applicant in the instant case is not sale or support services for any agricultural produce but a sale in the general wholesale trade. Therefore, the said services are appropriately classifiable under Heading 996111. Consequently, we find that the provisions of Sl.no.54 of Notification No.12/2017 Central Tax (Rate) dated 28.6.2017 would not be applicable to the said services provided by the applicant.

5.4 Veterinary services provided by the applicant.

5.4.1 Under Veterinary services, the Veterinary Doctors of VHPL render various Veterinary services to customers of VRBFL and VENCO. The services provided by Veterinary Doctors of VHPL include -

- o conducting study and recommending appropriate vaccines
- o Give timely suggestion on de-baking, desprurring and detoeing etc
- o Recommend preventive medication
- o Provide guidance / suggestion on selecting birds for breeding purposes

- Provide diagnostic services, conduct post-mortem examinations and diagnose the disease conditions and monitor the flock, clinical and subclinical infections, suggest line of treatment / prescription etc
- Recommend feed formulation and give suggestions about specific formulation,
- Give suggestions about preservation of hatching eggs and incubation thereof
- Veterinary Doctor's visits and other related veterinary services

5.4.2 The Applicant's Veterinary Doctors work to prevent the onset of disease or parasites in flocks. They are trained to recognize at an early stage the presence of disease or parasites and to treat all flocks that are diseased or infested with parasites as soon as possible.

5.4.3 The applicant has specialized veterinary doctors at each location where VRBFL and VENCO has poultry farms or hatcheries. The applicant also has labs across India to provide testing services to the customers of VRBFL and VENCO. The poultry breeding stock being a valuable asset, these labs are called as 'health surveillance'. Through these professionals/ doctors the applicant offers an extensive range of clinical services including serological, parasitological and microbiological testing services as well as post mortem examinations by staff veterinarians and diagnostic services at Group companies' farms.

5.4.4 The core objective of rendering Veterinary services is to diagnose diseases conditions including post-mortem examination, monitor the flocks, clinical and subclinical infections followed by suggesting treatment and prescription. Doctor's role also includes visiting the problematic farms and collect the data regarding all aspects of rearing practices, collection of blood samples and organs from dead birds for testing for advising to the customers to correct the anomalies.



5.4.5 All the doctors are employee of the applicant and employed on payroll mainly from veterinary background (i.e. graduates in veterinary science) plus specialized in poultry microbiology/ husbandry (management)/ disease diagnosis.

5.4.6 The Applicant's veterinary services also include the following;

- (1) Individual programs of vaccination, preventative husbandry and veterinary field trial management. These are preferred to post outbreak intervention. Advice is also given on the refinement of operational hygiene standards.
- (2) In addition to veterinary referral and consultancy, technical support and veterinary field trial management is provided to Group companies to support the farms with respect to the potential or prevailing disease around the area of their farms.
- (3) Providing clinical services to Group companies for detecting the nature of diseases, health concerns and medication with respect to the same. The applicant has separate veterinary section and laboratory section in its health centres where regular vet services are rendered to Group companies and its customers which is different than the advanced laboratory service.
- (4) Post-mortem or diagnostic examinations and selecting the appropriate line of treatment.
- (5) Nutritional advisory for flock health, growth and disease prevention. These includes farm to farm consultancy due to difference in climatic conditions and availability of nutritional feeds that should be provided for breeding of chicks.

5.4.7 With regard to the Veterinary services provided by the applicant, we find that the said services would be appropriately classified under Heading 998352 of the Tariff. The explanatory notes also provide that the said services includes animal and veterinary hospital and non-



hospital medical, surgical and dental services delivered to livestock. The services are aimed at curing, restoring and/or maintaining the health of the animal; hospital, laboratory and technical services for livestock; provision of dietary recommendations for livestock. The services provided by the applicant such as guidance for preventive medication, suggesting line of treatment recommending feed formulations etc., fall within the ambit of veterinary services provided to live stock. With respect to the applicability of Sr.No.46 of Notification No.12/2017, we find that the said exemption is provided to services by a veterinary clinic in relation to healthcare of animals or birds. The word Clinic has not been defined under the CGST Act, 2017. However, as per general parlance, a clinic is a health care center or establishment or hospital department where outpatients are given medical treatment or advice, especially of a specialist nature. It is seen from the details provided by the applicant that, they employ specialized veterinary doctors at various locations to provide services to their clients. Such services includes diagnostic, preventive healthcare and nutrition advice to the live stock. Such services are therefore covered under the exemption provided by a veterinary clinic to livestock. Therefore, we find that the applicant is entitled to avail the benefit of Sr.No.46 of the Notification No.12/2017 Central Tax (Rate) dated 28.6.2017.

5.5 With regard to laboratory analysis and testing services, we find that the services provided by the applicant include conduct of post mortem examination for diagnosis of disease, histopathology, bacterial isolation, virus isolation, AGPT, Salmonella plate test, Identification of characterization of Bacteria, Identification and characterization of virus, analysis of feed and feed ingredients and water related tests. These are tests which are appropriately covered under services such as testing and analysis in related scientific fields such as microbiology, biochemistry, bacteriology, etc. Such



type of testing services / laboratory services cannot be equated with the term 'agricultural extension' which covers application of scientific research and knowledge to agricultural practices through farmer education or training. The services provided by the applicant are more akin to technical testing and analysis services provided by them from their laboratory. Therefore, we find that the said services are appropriately classifiable under heading 998346. Since the services are appropriately classifiable under Heading 998346, the benefit of exemption under S.No.54 of the Notification No.12/2017 Central Tax (Rate) dated 28.6.2017, which is available only to services classified under Heading 9986 would not be available to the applicant.

06. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

GST-ARA-76/2019-20/B- 211

Mumbai, dt. 29.04.2025

For reasons as discussed in the body of the order, the questions are answered thus -

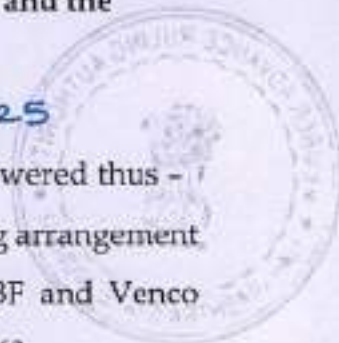
Question 1: Whether Commission charged by VHPL under the selling arrangement for promoting, marketing and selling of birds of VRBF and Venco should be classified under Service Accounting Code 9986?

Answer: No.

Question 2: Whether Commission @ 10% of the sale value of birds of VRBFL and Venco received by VHPL under the Selling arrangement for promoting, marketing and selling of birds and handling the sale administration would be exempt as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017?

Answer: No.

Question 3: Whether charges received @ 3% of the sale value of birds of VRBFL and Venco for the Veterinary services provided by VHPL (SAC 99835)



would be exempt from levy of GST as per entry number 46 of notification number 12/2017 -Central Tax (Rate) dated 28 June 2017 as Veterinary service?

Answer: Yes

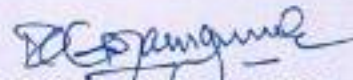
Question 4: Whether Laboratory testing and analysis undertaken by VHPL to carry out various laboratory analysis and tests in respect of the birds including feed, water etc. in relation to the brooding, growing and laying of birds, should be classified under Service Accounting Code 9986?

Answer: No

Question 5: Whether charges received @ 7% of the sale value of birds of VRBFL and Venco for the Laboratory testing and analysis services provided by VHPL would be exempt from levy of GST as per entry number 54 of notification number 12/2017-Central Tax (Rate) dated 28 June 2017 as agricultural extension services?

Answer: No.




D.P. GOJAMGUNDE
(MEMBER)


PRIYA JADHAV
(MEMBER)

- Copy to: -**
1. The applicant
 2. The concerned Central / State officer
 3. The Commissioner of State Tax, Maharashtra State, Mumbai
 4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
 5. The Joint commissioner of State Tax, Mahavikas for Website.

Note: -An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai - 400021. Online facility is available on gst.gov.in for online appeal application against order passed by Advance Ruling Authority.

