

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

**Advance Ruling No. KAR ADRG 112/ 2019**

**Date : 30-09-2019**

Present:

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

1.	Name and address of the applicant	M/s Karnataka Food & Civil Supplies Corporation, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052
2.	GSTIN or User ID	29AAACK8523F1ZI
3.	Date of filing of Form GST ARA-01	18.06.2019
4.	Represented by	Sri K.V.Balasubramanyam, Chartered Accountant
5.	Jurisdictional Authority - Centre	The Commissioner of Central Tax, Bangalore North Commissionerate.
6.	Jurisdictional Authority - State	LGSTO-20, 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 vide CIN CNRB19062900110062 dated 15.06.2019 & Rs.5,000/- under KGST Act vide CIN CNRB19062900094303 dated 14.06.2019

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

1. The Karnataka Food and Civil Supplies Corporation, (called as the 'Applicant' hereinafter), having GSTIN number 29AAACK8523F1ZI, have filed an application for Advance Ruling under Section 97 of the CGST / KGST Act, 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 Government Company and is registered under the Goods and Services Act, 2017. The applicant has sought advance ruling in respect of the following question:





*The applicant is hiring a Godown of Central Warehousing Corporation, Belgaum and paying storage charges for the agreed space for storage. Is it liable to pay GST on Total Storage charges or is it liable to pay GST on taxable storage food commodities like Palm Oil, etc. Whether GST is payable on the storage charges.*

3. The applicant furnishes some facts relevant to the stated activity:
- The applicant states that they are into the business of distributing Rice, wheat, Palm Oil, Toor dal, and salt etc., under the Public Distribution System allocated by the Government of Karnataka.
  - The applicant states that they are hiring a Godown of Central Warehousing Corporation, Belgaum for a consideration and using for storage of commodities which comprise both exempt as well as taxable.
  - The Central Warehousing Corporation has charged GST as per the dedicated warehousing agreement and the applicant wants to know whether the entire amount of storage charges is liable to tax or only to the extent of amount used for storing taxable goods.
  - The applicant refers to the Notification No.12/2017 – Central Tax (Rate) dated 28.06.2017 wherein the services by way of storage or warehousing of rice is exempt under entry 24. Further, the applicant states that Services relating to agricultural produce by way of storage or warehousing of agricultural produce is also exempt under entry no. 54 of the said notification.

#### **PERSONAL HEARING PROCEEDINGS HELD ON 12.07.2019.**

4. Sri. Purushotham, DGM (Finance) of the applicant appeared for personal hearing proceedings held on 12.07.2019 & reiterated the facts narrated in their application.

#### **5. FINDINGS & DISCUSSION:**

5.1 We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by Sri. Sri. Purushotham, DGM (Finance) of the applicant during the personal hearing. We have also considered the issues involved, on which advance ruling is sought by the applicant, and relevant facts.

5.2 At the outset, we would like to state that the provisions of both the CGST Act and the KGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provisions under the KGST Act.



5.3 The agreement entered by the applicant with the Central Warehousing Corporation is examined and found the following:

- a) The applicant has requested the Central Warehousing Corporation for providing storage space at Central Warehouse, Belgaum for storage of PDS commodities belonging to the applicant or its clients as service provider.
- b) The applicant will utilise the storage space of 488 square metres for a period of five years from 20.06.2015 and the rate of storage charges shall be Rs.126 per sq metre per month or part thereof on gross area basis. The service tax as applicable from time to time shall be payable extra by the applicant.
- c) The applicant shall make their own arrangements for comprehensive insurance of stocks stored and the CWC shall not be responsible to make good any losses or damages to goods.
- d) The applicant is required to take all clearances / permissions for storing the goods from the concerned authorities.
- e) The applicant is allowed to maintain their own stock accounting for the goods stored in the godown on dedicated warehousing basis. The applicant is also allowed to deploy their own security personnel for storage space allotted subject to overall discipline and control of the Warehouse manager CWC, Belgaum.
- f) The CWC, based on the request of the applicant, would consider providing separate water, telephone and Electricity connection wherever feasible. Cost of installation shall be borne by the applicant and the payment for all utilities will be made by the applicant with intimation and necessary proof to CWC.
- g) Separate sub-meter is to be installed by the applicant at their own cost and the electricity charges to be paid on actual basis.
- h) The applicant is entitled to remove its goods, fittings, fixtures etc. at their own cost and hand over the godown to CWC after restoring it in the same condition in which it existed at the time of commencement of the agreement.
- i) The applicant is liable to bear the Taxes including GST.
- j) The applicant is forbidden to sub-let the premises to any third party.





5.4 All the above terms & conditions of the agreement point out to the fact that the services provided by the Central Warehousing Corporation to the applicant is actually a renting of an immovable property and not storage service of goods. The said service is covered under SAC 997212 & is liable to a CGST of 9% under entry no.16 of Notification No.11/2017- Central Tax (Rate) dated 28.06.2017. The service is also liable to a tax of 9% under the KGST Act, 2017 under entry no. 16 of Notification (11/2017) No. FD 48 CSL 2017 dated 28.06.2017.

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

### **RULING**

The services provided by the Central Warehousing Corporation to the applicant are covered under **renting of commercial space in immovable property** and not storage service of goods. The said service is covered under SAC 997212 & is liable to a CGST of 9% under entry no.16 of Notification No.11/2017- Central Tax (Rate) dated 28.06.2017. The said service is also liable to a tax of 9% under the Karnataka Goods and Services Tax Act, 2017 under entry no. 16 of Notification (11/2017) No. FD 48 CSL 2017 dated 28.06.2017.



  
30.09.2019

(Harish Dharnia)  
Member



(Dr. Ravi Prasad M.P.)  
Member

Place: Bengaluru,  
Date: 30.09.2019

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, Bangalore North Commissionerate, Bengaluru.
4. The Asst. Commissioner, LGSTO-20, Bengaluru.
5. Office Folder