

AUTHORITY FOR ADVANCE RULING
TAMILNADU ADVANCE RULING AUTHORITY
PAPJM Buildings, II Floor, No.1, Greams Road, Chennai-6

PROCEEDINGS OF THE AUTHORITY FOR ADVANCE RULING U/s.98 OF THE
GOODS AND SERVICES TAX ACT, 2017.

Members present are:

1. Ms. Manasa Gangotri Kata IRS., Joint Commissioner/Member,
Office of the Principal Chief Commissioner of GST & Central Excise, Chennai.
2. Thiru S. Vijayakumar, M.Sc., Joint Commissioner (CT)/Member(FAC),
Office of the Joint Commissioner (ST), Enforcement /
Inter-State Investigation Cell, Chennai-6.

ORDER No.8/AAR/2018 DATED 30.08.2018

GSTIN Number, if any / User id		33ATKPJ5015H1ZX
Legal Name of Applicant		M/s. C.P.R. Mill
Registered Address/Address provided while obtaining user id		No. 2/1, Sathanur Road, Vikravandi (West), Villupuram District, Pin Code – 605 652.
Details of Application		GST ARA-01 Application No. 16 dated 17.4.2018
Concerned Officer		State : The State Tax Officer, Villupuram-I Assessment Circle, Villupuram. Centre: Chennai Outer, Villupuram Division
Nature of activity(s) (proposed / present) in respect of which advance ruling sought		
A	Category	Goods Provision
B	Description (in Brief)	Manufacture of Cattle Feed in Cake Form
Issue/s on which advance ruling required		Classification of 'Cattle feed in cake form'
Question(s) on which advance ruling is required		Classification of 'Cattle Feed in Cake Form' and exemption if any

Note : Any appeal against the advance ruling order shall be filed before the Tamil Nadu State Appellate Authority for Advance Ruling, Chennai under Sub-section (1) of Section 100 of CGST ACT/TNGST Act 2017 within 30 days from the date on which the ruling sought to be appealed against is communicated.

At the outset, we would like to make it clear that the provisions of both the Central Goods and Service Tax Act and the Tamil Nadu Goods and Service Tax Act are the same except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the Central Goods and Service Tax Act would also mean a reference to the same provisions under the Tamil Nadu Goods and Service Tax Act.

1. M/s. C.P.R. Mill (Prop: ARUMUGA SELVA RAJA JEGAJOTHI), No. 2/1, Sathanur Road, Vikravandi (West), Villupuram (hereinafter called as CPR Mill or the Applicant) is engaged in the manufacture of "Cattle Feed in Cake Form". They are registered under GST Act with Registration No. 33ATKPJ5015H1ZX. The applicant has submitted the copy of application in Form GST ARA – 01 and also submitted a copy of Challan evidencing payment of application fees of Rs.5,000/- each under sub-rule (1) of Rule 104 of CGST rules 2017 and TNSGST Rules 2017. They have sought classification of "Cattle Feed in Cake Form" manufactured by them under the SGST Act and CGST Act and availability of exemption under GST Act.

2. M/s. CPR Mill has stated that the cattle feed is manufactured from the groundnut oil cake along with a list of ingredients including husked rice with broken rice, black & broken rice, jaggery, salt and water. It is stated that the cattle feed which is being sold is meant for domestic animals as an essential raise for the maintenance of life, but also that feed which is supplied over and above the maintenance requirements for growth or fattening and for production purposes such as re-production, for production of milk meat and wool and in the case of animals, also for efficient output of work. The Applicants have produced the certificates of analysts of the product manufactured by them which is sold as "cattle feed" Cake Form, duly issued by the Department of Animal Institution, Veterinary College and Research Institute, Orathanadu, Thanjavur, both in respect of cattle feed Cake Form and groundnut oil cake. Additionally, a test report from the CSIR - Central Food Technological Research Institute, Mysore was also procured by the Applicant. The applicant has stated that there is a considerable difference in composition of the Applicant's cattle feed (in cake form) and that of groundnut oil cakes.

2.1 M/s. CPR Mill has stated that as per the proceedings of the Authority for Clarification and Advance Ruling of the Commercial Taxes Department, Government of TamilNadu (in its proceedings dated 02.06.2017 in A.C.A.A.R. No. 54/2016-17), it is clarified that Aquatic feed/ Animal feeds are not liable to tax vide Entry No.5 of Part B of the Fourth Schedule to TNVAT Act, 2006 with effect 01.01.2007 and it was also clarified

that they are not entitled to claim input tax credit of the tax paid on the purchase of raw materials as per Section 19(5) of the TNVAT Act, 2006. M/s. CPR Mill has further stated that under the CGST Act, as per Section 9 of the Central Goods and Services Tax Act, 2017, oil cakes are classified under Chapter Heading/sub-heading/Tariff Item - 2305 liable to be taxed at the rate of 2.5% falling under Schedule I vide Notification No. 1 of 2017 in Serial No. 106; Under the CGST Act, as per Section 11 of the Central Goods and Services Tax Act, 2017, cattle feed is classified under Chapter Heading/sub-heading/Tariff Item - 2309 which is exempted for intrastate supplies of goods as under Schedule vide Notification No. 2 of 2017 in Serial No. 102.

3. The Authorized Representative of the Applicant was heard in the matter. They submitted that the raw material is groundnut oil cake and submitted invoice, test reports of both raw material and output / cattle feed and manufacturing process flowchart. They also provided video clipping of manufacturing process and costing details of the product.

4. The details and documents furnished were examined. From the various submissions of the applicant, it is seen that the product under consideration, 'Cattle Feed in Cake Form' is manufactured by pulverizing Groundnut oil cake, husked rice with broken and black broken rice pulverized separately, which are spread over and then jaggery, salt & water are added, mixed, thoroughly crushed and left for condensing itself into solid form and steamed to result in 'Cattle feed in Cake Form'. The breakup of the ingredients for manufacturing cattle feed (in cake form) per 100 Kgs as given by the applicant is as follows:

Raw Material	Kgs	Price (in Rs.)	Total Price (in Rs.)
Groundnut Oil Cake	23	20/kg	23 x 20 = Rs. 460
Jaggery	4	30 /Kg	4 x 30 =Rs. 120
Black & Broken Rice	60	10/kg	60 x 10 - Rs. 600
Husked & Broken Rice	12	5/kg	12 x 5= Rs. 60
Salt	1	3/kg	1 x 3 = Rs. 3
Total Price			Rs. 1243
Price per kg (A)			Rs. 1243/100 = Rs.
Expenses per kg (B)			Rs. 1.30

Total Price per kg (A+B)	RS.12.43 + RS.1.30 = RS. 13.73
Sale Price by Applicant per kg	Rs. 14.00
Profit per kg	Rs. 0.27

The Applicant has stated that though there is physical similarity between groundnut oil cake and the product they sell, both are different as they add broken rice, jiggery, salt and water to groundnut oil cake after processing, to make the final product.

5. The issue before us is to determine the classification of — “Cattle Feed in Cake form” and as to whether the same is exempted. To be precise, the question to be answered is whether the product is classifiable under Ch. 2305 or under Ch. 2309. In terms of explanation (iii) and (iv) to Notification No. 1/2017 - Central Tax (Rate) dt. 28-06-2017, tariff heading, sub-heading, heading and chapter shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 and the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall be applied for the interpretation and classification of goods.

As per Harmonised System of Nomenclature Explanatory Notes 2017, the chapter notes for Chapter 23 and specifically heading 2305 and 2309 has been examined. The relevant extracts of the above are as under :

Note.

1.- Heading 23.09 includes products of a kind used in animal feeding, not elsewhere specified or included, obtained by processing vegetable or animal materials to such an extent that they have lost the essential characteristics of the original material, other than vegetable waste, vegetable residues and by-products of such processing.

23.05 - Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of ground-nut oil.

The Explanatory Note to heading 23.04 applies, *mutatis mutandis*, to this heading.

23.04 - Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil.

This heading covers **oil-cake and other solid residues** remaining after the extraction of oil from soya beans by solvents or in a press or rotary expeller. These residues constitute valuable animal foods.

The residues classified in this heading may be in the form of slabs (cakes), meal or pellets (see the General Explanatory Note to this Chapter).

This heading also includes non-textured defatted soya-bean flour fit for human consumption.

This heading **excludes** :

- (a) Oil dregs (**heading 15.22**).
- (b) Protein concentrates obtained by the elimination of certain constituents of defatted soya-bean flour (used as additives in food preparations) and textured soya-bean flour (**heading 21.06**).

23.09 - Preparations of a kind used in animal feeding.

2309.10 - Dog or cat food, put up for retail sale

2309.90 - Other

This heading covers sweetened forage and prepared animal feeding stuffs consisting of a mixture of several nutrients designed :

- (1) to provide the animal with a rational and balanced daily diet (**complete feed**);
- (2) to achieve a suitable daily diet by supplementing the basic farm-produced feed with organic or inorganic substances (**supplementary feed**); or
- (3) for use in making complete or supplementary feeds.

The heading includes products of a kind used in animal feeding, obtained by processing vegetable or animal materials to such an extent that they have lost the essential characteristics of the original material, for example, in the case of products obtained from vegetable materials, those which have been treated to such an extent that the characteristic cellular structure of the original vegetable material is no longer recognisable under a microscope.

(II) OTHER PREPARATIONS

(A) PREPARATIONS DESIGNED TO PROVIDE THE ANIMAL WITH ALL THE NUTRIENT ELEMENTS REQUIRED TO ENSURE A RATIONAL AND BALANCED DAILY DIET (COMPLETE FEEDS)

The characteristic feature of these preparations is that they contain products from each of the three groups of nutrients described below :

- (2) "Body-building" protein-rich nutrients or minerals. Unlike energy nutrients, these nutrients are not "burned up" by the animal organism but contribute to the formation of animal tissues and of the various animal products (milk, eggs, etc.). They consist mainly of proteins or minerals. Examples of the protein-rich substances used for this purpose are seeds of leguminous vegetables, brewing dregs, oil-cake, dairy by-products.

The minerals serve mainly for building up bones and, in the case of poultry, making egg-shells. The most commonly used contain calcium, phosphorus, chlorine, sodium, potassium, iron, iodine, etc.

(C) PREPARATIONS FOR USE IN MAKING THE COMPLETE FEEDS OR SUPPLEMENTARY FEEDS DESCRIBED IN (A) AND (B) ABOVE

These preparations, known in trade as "premixes", are, generally speaking, compound compositions consisting of a number of substances (sometimes called additives) the nature and proportions of which vary according to the animal production required. These substances are of three types :

- (1) Those which improve digestion and, more generally, ensure that the animal makes good use of the feeds and safeguard its health : vitamins or provitamins, amino-acids, antibiotics, coccidiostats, trace elements, emulsifiers, flavourings and appetisers, etc.
- (2) Those designed to preserve the feeding stuffs (particularly the fatty components) until consumption by the animal : stabilisers, anti-oxidants, etc.
- (3) Those which serve as carriers and which may consist either of one or more organic nutritive substances (manioc or soya flour or meal, middlings, yeast, various residues of the food industries, etc.) or of inorganic substances (e.g., magnesite, chalk, kaolin, salt, phosphates).

The concentration of the substances described in (1) above and the nature of the carrier are determined so as to ensure, in particular, homogeneous dispersion and mixing of these substances in the compound feeds to which the preparations are added.

Provided they are of a kind used in animal feeding, this group also includes :

- (a) Preparations consisting of several mineral substances.

6. It is seen from the explanatory notes that the residue remaining after extraction of oil from groundnuts are to be classified under CTH 2305. Going by the chapter heading notes, it can be seen that Chapter Head 2309 covers products of a kind used in animal feeding, obtained by processing vegetable or animal materials to such an extent that they have lost the essential characteristics of the original material. From the submissions of the applicant, it is seen that the product is not merely groundnut oil cake/residue but is manufactured by combining groundnut oil cake with broken rice, jaggery, salt and water

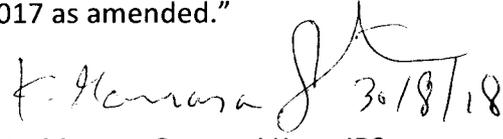
and leaving the mixture for condensing itself into solid form and finally steamed. Further, the applicant states that the product is meant for domestic animals or birds as an essential raise for the maintenance of life, but also that feed which is supplied over and above the maintenance requirements for growth or fattening and for production purposes such as re-production, for production of milk, eggs, meat, wool or feathers and in the case of animals, also for efficient output of work. The product in hand, the 'Cattle feed' is manufactured using 'Groundnut oil cake' as a raw material along with other raw materials. Further, as per the test reports, the content of ash, protein, salt, fat, moisture, calcium, phosphorous etc in a sample of groundnut oil cake vary in percentage from a sample of the product as furnished by the applicant in the test reports furnished by them. Also, from the invoices raised by them the product is identified as 'Cattle feed' and not as 'groundnut oil cake'. By applying the General rules for interpretation of Customs Tariff as applicable to GST Tariff, the product in hand is correctly classifiable under Chapter Heading 2309 of the GST Tariff as 'Preparation of a kind used in Animal Feeding'- 'Compounded animal feed, 2309 90 10. The same is exempted in case of intra-state supplies vide sl.no. 102 of Notification No. 2/2017-Central Tax(Rate) dated 28th June 2017 as amended and Sl.No. 102 of Notification. No.II(2)/CTR/532(d-5)/2017 dated 29th June 2017 as amended and in case of interstate supplies vide Sl.No.102 of Notification No. 2/2017-Integrated Tax(Rate) dated 28th June 2017 as amended.

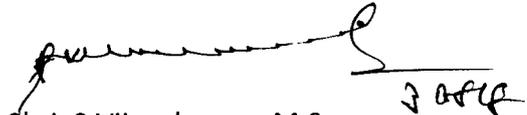
7. In light of the above, we rule as under.

RULING

The issue has been examined with reference to the provisions of the CGST/TGST Act, 2017 and the Rules made there under and the notifications issued till date; and the Advance Ruling is given as under:

"The product 'Cattle feed in cake form' manufactured by the Applicant is classifiable under Chapter Heading 23099010 and stands exempted as per vide Sl.No. 102 of Notification No. 2/2017-Central Tax(Rate) dated 28th June 2017 as amended and Sl.No. 102 of Notification No.II(2)/CTR/532(d-5)/2017 dated 29th June 2017 as amended and in case of interstate supplies vide Sl.No.102 of Notification No. 2/2017-Integrated Tax(Rate) dated 28th June 2017 as amended."


Ms. Manasa Gangotri Kata, IRS
Member, CGST


Shri. S. Vijayakumar, M.Sc.,
Member (FAC), TNGST

To

M/s. C.P.R. Mill
No. 2/1, Sathanur Road, Vikravandi (West),
Villupuram, 605652

// By SPAD //

AUTHORITY FOR
ADVANCE RULING

30 AUG 2018

GOODS AND SERVICE TAX
Chennai-6, Tamilnadu

Copy Submitted to:

1. The Additional Chief Secretary/Commissioner of Commercial Taxes, II Floor, Ezhilagam, Chepauk, Chennai-5.
2. The Principal Chief Commissioner of GST & Central Excise, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai-600034.

Copy to:

1. The State Tax Officer,
Villupuram-I Assessment Circle,
Villupuram.
2. The Commissioner of GST & C.Ex., Chennai Outer Commissionerate,
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