



GST



Goods and Services Tax

AAR Karnataka Advance Ruling No KAR ADRG 38/2020 dated 22 May 2020

Products whole wheat Parota and malabar Parota which are not ready to eat are not similar to khakhra, plain chapatti or roti and hence, same are taxable at rate of 18%.

Facts

- M/s ID Fresh Food (India) Pvt. Ltd is a food products company involved in preparation & supply of wide range of ready to cook, fresh foods
- The instant application pertains to classification of whole-wheat parota & Malabar parota.
- Whole Wheat parota and Malabar (refined floor) parota is available in ambient and frozen form with a shelf life of minimum 3 days and maximum 7 days.
- the product will be subjected to heat treatment on a pan or tawa, for making it available for consumption.
- The applicant contends that their products merit classification under heading 1905, whose description akin to "Khakhra, plain chapatti or roti" and therefore are taxable at 5% GST

Issue before the AAR

- Whether the preparation of Whole Wheat parota and Malabar parota be classified under Chapter heading 1905, attracting GST at the rate of 5%?

Provisions of Law referred

- General Rules of Interpretation for classification of goods under Schedule I to the Customs Tariff Act 1975, which are as under:

3 (a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

(b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to (a), shall be classified as if they consisted of the material or component which gives them their essential character, in so far as this criterion is applicable.

(c) When goods cannot be classified by reference to (a) or (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration

Discussion and Findings of AAR

- The impugned products having description "parota" do not have any specific entry in the Customs Tariff Act, 1985/ GST Tariff.
- The products covered under heading 1905 are already prepared or completely cooked products and no further process is required to be done on them for consumption and hence they are ready to use food preparations.
- In the instant case the impugned products are admittedly not ready for consumption, but need to be heated before consumption. Thus the impugned products do not merit classification under heading 1905.
- AAR draw attention to chapter 21, which covers Miscellaneous Edible Preparations and heading 21.06 covers food preparations not elsewhere specified or included.
- impugned goods i.e. 'parota' are not covered under any other heading and also need to be processed for human consumption. Therefore the impugned goods are rightly classifiable, more specifically, under heading 2106 90.

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