

WEST BENGAL AUTHORITY FOR ADVANCE RULING
GOODS AND SERVICES TAX
14 Beliaghata Road, Kolkata – 700015
(Constituted under section 96 of the West Bengal Goods and Services Tax Act, 2017)

Members present:

Mr Brajesh Kumar Singh, Joint Commissioner, CGST & CX
Mr Joyjit Banik, Senior Joint Commissioner, SGST

Preamble

A person within the ambit of Section 100 (1) of the Central Goods and Services Tax Act, 2017 or West Bengal Goods and Services Tax Act, 2017 (hereinafter collectively called 'the GST Act'), if aggrieved by this Ruling, may appeal against it before the West Bengal Appellate Authority for Advance Ruling, constituted under Section 99 of the West Bengal Goods and Services Tax Act, 2017, within a period of thirty days from the date of communication of this Ruling, or within such further time as mentioned in the proviso to Section 100 (2) of the GST Act.

Every such appeal shall be filed in accordance with Section 100 (3) of the GST Act and the Rules prescribed thereunder, and the Regulations prescribed by the West Bengal Authority for Advance Ruling Regulations, 2018.

Name of the applicant	HIMALAYAN FLOUR MILL PRIVATE LIMITED
Address	BANESWAR MORE, EASTERN BYPASS, BHOLANATH PARA, SILIGURI, Darjeeling, West Bengal, Pincode- 734006
GSTIN	19AABCF1720E1Z4
Case Number	WBAAR 10 of 2022
ARN	AD190522003312N
Date of application	May 11, 2022
Jurisdictional Authority (State)	Siliguri Charge, Siliguri Circle
Jurisdictional Authority (Central)	Siliguri-Darjeeling Division, Range III, Siliguri Commissionerate
Order number and date	08/WBAAR/2022-23 dated 18.08.2022
Applicant's representative heard	Mr. Shubham Khaitan, CA Mr. Gaurav Sharma, CA

1.1 At the outset, we would like to make it clear that the provisions of the Central Goods and Services Tax Act, 2017 (the CGST Act, for short) and the West Bengal Goods and Services Tax Act, 2017 (the WBGST Act, for short) have the same provisions in like matter except for certain provisions. Therefore, unless a mention is specifically made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the WBGST Act. Further to the earlier, henceforth for the purposes of these proceedings, the expression 'GST Act' would mean the CGST Act and the WBGST Act both.

1.2 The applicant has entered into an agreement with the District Controller of Food and Supplies, Government of West Bengal for supply of fortified wholemeal atta. According to the said agreement, the State Govt. (Food & Supplies Department) sends the whole, unpolished food grain to the applicant for crushing and processing it into flour. The applicant returns the flour(atta) packed in the manner as the State Govt. requires by fortifying the crushed grain with the vitamin which is then distributed through the Public Distribution System (PDS) by the State Govt on behalf of Food and Supplies Department, Govt of West Bengal.

1.3 The applicant has made this application under sub section (1) of section 97 of the GST Act and the rules made there under raising following questions vide serial number 14 of the application in FORM GST ARA-01:

- a. Whether the instant composite supply of service by way of milling of food grains into flour to Food & Supplies Department, Govt. of West Bengal for distribution of such flour under Public Distribution System is eligible for exemption under entry No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017?
- a. What shall be rate of GST on such milling, if it does not fall under entry No. 3A?

1.4 The aforesaid question on which the advance ruling is sought for is found to be covered under clause (b) and (e) of sub-section (2) of section 97 of the GST Act.

1.5 The applicant states that the question raised in the application has neither been decided by nor is pending before any authority under any provision of the GST Act.

1.6 The officer concerned from the revenue has raised no objection to the admission of the application.

1.7 The application is, therefore, admitted.

2. Submission of the Applicant

2.1 The applicant has entered into an agreement with the District Controller of Food and Supplies, Government of West Bengal for supply of fortified wholemeal atta. According to the said agreement, the State Govt. (Food & Supplies Department) sends the whole, unpolished food grain to the applicant for crushing and processing it into flour. The applicant returns the flour (atta) packed in the manner as the State Govt. requires by fortifying the crushed grain with the vitamin which is then distributed through the Public Distribution System (PDS) by the State Govt.

2.2 The applicant receives following charges for carrying out the aforesaid activities:

- Crushing charges for processing of wheat into wholemeal atta;
- Fortification charges for mixing of micronutrients and vitamins;
- Packing charges for packaging of atta into small packets;

- Transportation & Handling charges for sending the finished products to / receiving the raw materials from the designated distributors of State Government

2.3 It is submitted by the applicant that as per clause 6(1) of the agreement, the output generated from the process of milling is 95% per quintal of wheat. The balance of 4% is for de-branning and 1% in the form of refraction for cleaning. These bran and refractors generated are retained by the applicant for sale in the open market. In addition to this, the applicant retains the gunny bags into which food grains are supplied to him by the Government. These gunny bags are also available for sale in the market.

2.4 The applicant contends that the instant supply is covered under serial no. 3A of Notification no. 12/2017-Central Tax (Rate) dated 28th June 2017, as amended from time to time, and therefore is exempted from payment of tax. Description of services as specified in serial number 3A reads as follows:

“Composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution”

2.5 The applicant further contends that following conditions need to be fulfilled in order to qualify any supply of services to get covered under the aforesaid entry:

- i. The supply being made can be regarded as composite supply of goods and services;
- ii. The supply qualifies as a function entrusted to a Panchayat under Article 243G of the Constitution or function of municipality under Article 243W of the Constitution;
- iii. The value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply.

2.6 The applicant, in support of his argument, has submitted as follows:

The supply is a composite supply:

- The applicant has been selected for empanelment for crushing of wheat into wholemeal atta and fortify it by premixing of micro-nutrients containing Iron, Folic acid and Vitamin to a specific percentage. The agreement further requires the applicant to pack the crushed stock of wholemeal atta after fortification into properly labeled poly-packs having thickness of 40 microns or above. The activities undertaken by the applicant for milling of wheat into wheat flour, along with fortification and supplied upon packing of the same thus qualify the definition of ‘composite supply’ under clause (30) of section 2 of the GST Act where the supply of services by way of milling is the principal supply.

The supply is made to State Government in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution:

- The Indian Food Security System was established to distribute food and non-food items to India's poor at subsidized rates. Major commodities are distributed including staple food grain, sugar and essential things like kerosene through a network of fair price shops distribution and is managed by State Government through the ration shops. Basic objective of Public Distribution System is to serve the below poverty line family.
- The Essential Commodities Act, 1955 was legislated to provide in the interest of general public control of production, supply and distribution and trade and commerce in certain commodities. Control, Production, supply, distribution etc. of essential commodity is controlled as per the provision of section 3 of the said Act 1955.
- The West Bengal Public Distribution System (Maintenance and Control) Order, 2013 has been issued in exercise of power conferred by section 3 of The Essential Commodities Act 1955 and the same extends to the whole of West Bengal except the area where the West Bengal Urban Public Distribution System (Maintenance and Control) Order, 2013 is in force with Government of India Ministry of Consumer Affairs.
- The West Bengal Public Distribution System (Empanelment of Flour Mill and Milling of Fortified Atta/Wholemeal Atta) guidelines 2017 has been framed in pursuance of clause 36 and 37 of the West Bengal Public Distribution system (Maintenance and Control) Order 2013 and clause 33 and 34 of West Bengal Urban Public Distribution System (Maintenance and Control) Order 2013.
- The agreement between the applicant and the State Government for supply of fortified Wholemeal Atta/Atta is found to be executed in terms of G.O. No. 2834-F.S. dated 6th September, 2017. The said Notification provides guidelines for the procedure of empanelment of flour mills/ attachakki to convert wheat into fortified atta/wholemeal atta in pursuance of clauses 36 and 37 of the West Bengal Public Distribution System (Maintenance & Control) Order, 2013 and clauses 33 and 34 of the West Bengal Urban Public Distribution System (Maintenance & Control) Order, 2013.
- Further, Para 3.1 of the Circular no. 153/09/2021-GST dated 17th June 2021 provides the following:
"Public Distribution specifically figures at entry 28 of the 11th Schedule to the constitution, which lists the activities that may be entrusted to a Panchayat under Article 243G of the Constitution"
- Therefore, the supply of milling of wheat and its fortification by miller would be considered as a function entrusted to a Panchayat under Article 243G of the Constitution of India.

Value of supply of goods constitutes not more than 25 per cent. of the value of the said composite supply

- In calculating the value of supply of goods and the total value of supply, the cash consideration and also the non-cash consideration earned from the said supply is to be taken into account.

- While cash consideration is received from Food & Supplies Department, Government of West Bengal in respect of the process of crushing, fortifying and packing, non-cash consideration is earned from the sale of gunny bags and by-products like refractor and bran generated during the process of milling.
- In order to determine whether the value of goods within the total consideration received is more than 25%, the following stepwise process of job work needs to be understood:
 - a. The State Govt. (Food & Supplies Department) sends the whole, unpolished food grain to the applicant for crushing and processing into flour.
 - b. The applicant returns the flour packed in the manner as the State Govt. requires by fortifying the crushed grain with the vitamin. The packing material is supplied by the applicant.
 - c. By crushing 100 kgs of wheat, 95 kgs of flour and by-product in the form of 4 Kgs of Bran and 1 kg of refractor is generated.
 - d. The cash consideration earned from the senders of crushing is ₹ 136.48 for 95kg of atta.
 - e. Further, the applicant also gets non-cash consideration in the form of being allowed to retain 4 Kgs of bran and 1 kg of refractor which is sold in the open market realizing ₹ 99.24.
 - f. Also, there are 2 gunny bags which are retained by the applicant for 100 kg of wheat sent. The sale value of each gunny bag in the market is Rs. 22. The Government deducts Rs. 43 as cost of two gunny bags which are retained by the applicant.
 - g. Therefore, total non-cash consideration is ₹ 142.24/-.
 - h. Details of cash and non-cash consideration are provided below:

Sl No.	Flour Millers to be paid for crushing of 100 kg of Wheat	Cost for 95 kg atta
1	Crushing Charges	90.78
2	Fortification Charges	10
3	Packing Charges	50
4	Transportation & Handling charges	28.70
5	Consideration from sale of Bran	97
6	Consideration from sale of Refractor	2.24
7	Total consideration	278.72

	<u>Less: Non-cash consideration</u>	
8	Cost of 2 gunny bags	-43
9	Receipt from sale of Bran and Refractor	-99.24
10	Net Cash Consideration	136.48

- In the given case, the value of supply of goods are as follows:
 - a. Fortification charges – Rs. 10
 - b. Packing Charges – Rs. 50
- The cost of purchase of Fortification material is Rs. 140/kg. For 95 kg atta, 20 gm of fortification is required. Therefore, the cost towards fortification in making 95 kg of atta is $(140 \times 20 / 1000 \times 1.18) = \text{Rs. } 3.30$. The value of fortification assumed by the Food and Supplies Department while paying the consideration of crushing of 100 kg of wheat is Rs. 3.30.
- The cost of packing material is Rs. 125.85 / kg. In each kg of packing material, there are 300 packets available. Each packet contains 0.95 kg of atta. Therefore, the cost for 95 kg of atta is $(125.85 \times 100 / 300 \times 1.18) = \text{Rs. } 49.50$. The value of packing assumed by the Food and Supplies Department while paying the consideration of crushing of 100 kg of wheat is Rs. 50.
- Therefore, the value of supply of goods would be Rs. 60 and the total value of composite supply has been determined as Rs. 278.72. Therefore, this forms a proportion of 21.53% of the total composite supply.
- Hence, the value of supply of goods would be lower than the threshold limit of 25% of the total value of supply.

2.7 The applicant thus contends that all the conditions for the exemption entry no. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 seem to have been satisfied in respect of the instant supply of services and therefore the supply would fall within the ambit of the said entry.

2.8 The applicant has submitted that the Department of Food and Supplies, Government of West Bengal has issued memo no. 569(3)-FS/Sectt./Food/4P-02/2016/2021 dated 18th February 2022 wherein the Government has explained the full process of crushing of wheat into Fortified Atta for Public Distribution System. After considering both the cash and non-cash consideration, it came to the conclusion that maximum value of involvement of goods is less than 25% of the total value of composite supply. Therefore, it was provided that the said process would qualify for exemption as per entry no. 3A of Notification no. 12/2017-CT (Rate) read with State Notification no. 1136-FT dated 28th June 2017.

2.9 The applicant has also submitted that if the exemption entry is not applicable to the instant supply, the same would be taxable @ 5% vide entry no. 26 of Notification no. 11/2017-Central Tax (rate) dated 28th June 2017. Relevant extract of the said entry reads as follows:

“(i) Services by way of job work in relation to –

(f) all food and food products falling under Chapters 1 to 22 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);”

2.10 The definition of job work as per Section 2(68) of the CGST Act 2017 has been provided as follows:

“job work” means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job worker” shall be construed accordingly.

2.11 The above definition of job work requires that the principal should be a registered person. In the given case, the principal is the State Government. The State Government is registered for TDS under Section 51 of the CGST Act 2017. Whether they would be within registered person for the purpose of job work has been clarified in Para 3.2 of the Circular no. 153/09/2021-GST dated 17th June 2021:

“In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated 28.06.2017). Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.”

2.12 The applicant thus concludes that the provision of milling of wheat into flour is to be categorized as job work and if such supply does not fall within the exemption entry for any reason, the rate of GST should be 5% in accordance with entry no. 26 of Notification no. 11/2017-Central Tax (rate) dated 28th June 2017.

3. Submission of the Revenue

The submission of the officer concerned from the revenue is reproduced in verbatim:

3.1 Entry at Sl No. 3A of Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 exempts “composite supply of goods and services in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply provided to the Central Govt, State Govt. or Union territory or local authority or a Governmental authority or a Governmental Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution”.

3.2 In the case highlighted by the applicant on page no 12-14 of the attachments to FORM GST ARA-01, the total value of supply will be Rs. 278.72/- per quintal that consists of

crushing charges of Rs. 90.78/-, fortification charges of Rs. 10/-, packing charges Rs. 50/-, transportation & handling charges Rs. 28.70/-, consideration from sale of Bran Rs. 97/- & consideration from sale of refractor Rs. 2.24/- as per provision of sec.15 of the CGST ACT, 2017 read with rule 27 of the CGST Rules 2017. The consideration from the sale of bran Rs. 97/-, refractor Rs. 2.24/- & gunny bags Rs. 43/- may be construed as consideration received from the government in forms other than cash. The realised value should therefore be included in the value of supply as per CGST Act, 2017.

3.3 In view of the above, it may be inferred that Rs. 179.48/-(Rs. 90.78+10+50+28.7) is the cash consideration while Rs. 142.24/-(Rs. 97+2.24+43) is the consideration other than cash. The packing plus fortification charges received in this transaction are Rs. 60 i.e 21.53% of the total value of supply. So, in the instant case, as per Circular no. 153/09/2021- GST dated 17.06.2021 & Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017, the composite supply of services by way of milling of food grains into flour to Food & Supplies Department, Govt. Of West Bengal for distribution of such flour under PDS is eligible for exemption as the value of supply of goods does not constitute more than 25% of the value of the said composite supply.

3.4 Para No. 3.2 of the Circular No 153/09/2021- GST dated 17.06.2021 implies that "in case the supply of service by way of milling of wheat into flour is not eligible for exemption under SI No 3A of Notification 12/2017 Central Tax (Rate) dated 28.06.2017 for the reason that the value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5%.

4. Observations & Findings of the Authority

4.1 We have gone through the records of the issue as well as submissions made by the authorised representatives of the applicant during the course of personal hearing. We have also considered the submission made by the officer concerned from the revenue.

4.2 The issue involved in the instant case, as we find, is to determine whether the instant supply shall qualify as an exempt supply vide entry no. 3A of Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 (as amended vide Notification No. 2/2018- Central Tax (Rate) dated 25.01.2018) or the same shall be taxable @ 5% as clarified in para 3.2 of the Circular No. 153/09/2021-GST dated 17.06.2021 issued by the CBIC.

4.3 The issue, therefore, is required to be analysed considering the following aspects:

- (a) whether the supply made by the applicant can be regarded as composite supply of goods and services;
- (b) if the supply qualifies as composite supply, whether the same is made by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution;
- (c) if the answers of (a) and (b) are found to be affirmative, whether the value of supply of goods constitutes not more than 25 percent of the value of the said composite supply.

4.4 The applicant has been selected for empanelment for crushing of wheat into wholemeal atta and fortify it by premixing of micro-nutrients containing Iron, Folic acid and Vitamin to a specific percentage. The agreement further requires the applicant to pack the crushed stock of wholemeal atta after fortification into properly labelled poly-packs having thickness of 40 microns or above. It, therefore, appears that the activities undertaken by the applicant for milling of wheat into wheat flour, along with fortification and supplied upon packing of the same qualify the definition of 'composite supply' under clause (30) of section 2 of the GST Act where the supply of services by way of milling is the principal supply.

4.5 Now we take the issue to decide whether this composite supply is made in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution.

4.6 The agreement between the applicant and the State Government for supply of fortified Wholemeal Atta/Atta is found to be executed in terms of G.O. No. 2834-F.S. dated 6th September, 2017. The said Notification provides guidelines for the procedure of empanelment of flour mills/ attachakki to convert wheat into fortified atta/wholemeal atta in pursuance of clauses 36 and 37 of the West Bengal Public Distribution System (Maintenance & Control) Order, 2013 and clauses 33 and 34 of the West Bengal Urban Public Distribution System (Maintenance & Control) Order, 2013. In this context, we refer to Para 3.1 of the Circular No. 153/09/2021-GST dated 17.06.2021 where it is stated that 'Public Distribution specifically figures at entry 28 of the 11th Schedule to the constitution, which lists the activities that may be entrusted to a Panchayat under Article 243G of the Constitution.' Hence, the instant composite supply made by the applicant is found to be in relation to any function entrusted to a Panchayat under article 243G of the Constitution.

4.7 The issue now left with us is to ascertain whether the value of supply of goods in this case exceeds 25 percent of the total value of the supply or not. According to the applicant, the value of supply of services in respect of milling of 100 kilograms wheat should be Rs.278.72 though the applicant receives consideration in cash only to the tune of Rs.136.48 against such supply. The applicant has contended that the value of supply shall include consideration not received in money but otherwise in the form of cost of gunny bags retained by him and also the receipt from sale of Bran and Refractor. Para 6(1) of the agreement speaks that 'The out-turn ratio of Atta will be minimum of 95% per quintal of wheat allowing refraction of 1% for cleaning and 4% for debranning to the maximum'.

4.8 The applicant has submitted that he gets non-cash consideration in the form of being allowed to retain 4 kgs of bran and 1 kg of refractor which is sold in the open market realizing Rs.99.24. Further Rs.43/- is realized by selling of gunny bags, which are retained by him.

4.9 Thus, the value of supply for providing milling services to convert 100 kgs of wheat supplied by the State Government into 95 kg of fortified atta, according to the applicant, comes at Rs.136.48 + Rs.142.24 [Cost of 02 gunny bags : Rs.43.00 + Receipt from sale of bran and refractors : Rs.99.24] = Rs.278.72

4.10 In the instant case, the applicant receives Rs.10/- and Rs. 50/- i.e., Rs. 60/- in total against fortification cost and packing charges for crushing of 100 kgs of wheat which involves supply of goods. The authorized representative of the applicant, in course of personal hearing, has furnished photocopies of invoices in support of purchase of Vitamin (used to fortify the atta) and packing materials (used for packing of fortified atta).

4.11 The authorized representative has also furnished before us photocopies of cash memo in support of sale of bran, refractor and jute bags respectively which has been claimed as non-cash consideration for the purpose of determination of value of supply.

4.12 In this context, we find that in a similar kind of activity, the Appellate Authority for Advance Ruling (AAAR, for short), Andhra Pradesh in the matter of Sri Kanakadurga Rice and Flour Mill reported in [2020] 121 taxmann.com 121 (AA - GST - AP) held that 'it is clear that the value of by-products so retained by the appellant yielded during CMR milling, which were allowed to be retained by the appellant to meet the CMR activity cost shall obviously be included as part of value of supply and also to be termed as a *bona fide* form of consideration'.

4.13 We are also of the same view that in the instant case, value of supply shall be the consideration in money and shall also include all the components towards non-cash consideration, as discussed. We also like to reproduce here relevant portion of the memo no. 569(3)-FS/Sectt./Food/4P-02/2016/2021 dated 18th February 2022 issued by the Department of Food & Supplies, Government of West Bengal:

"The State Government is providing 100 Kgs of Wheat to the empanelled Flour mills and it is taking back 95 Kgs of fortified Atta. 5 Kgs of by-products generated are bifurcated into Bran and Refractor in the Ratio 4:1 vide Notification No. 2834-FS dated 06.09.2017. This is also mentioned in the bi-partite agreement between the DCF&S/DR and the flour millers. These bi-products are valued as per market price @ Rs.20/kg of Bran and Re 1/kg of Refractor. So, consideration from sale of 4kg Bran and 1kg refractor comes to Rs.81 only. 100 Kg wheat is supplied to flour millers in 2 gunny bags. The flour millers retained those 2 gunny bags, which are valued at Rs.43 only. Thus the total non-cash consideration for bi-products and gunny bags allowed to flour millers is Rs.124 only for each 100 kg wheat."

4.14 For the purpose of determination of value of supply, we find that since price is not the sole consideration for the instant supply, the provision of Rule 27 would apply here which governs the provisions of value of supply of goods or services where the consideration is not wholly in money. In terms of clause (b) of the said rule, the value of supply shall be the sum total of consideration in money and any such further amount in money as is equivalent to the consideration not in money, if such amount is known at the time of supply. In view of the memo no. 569(3)-FS/Sectt./Food/4P-02/2016/2021 dated 18th February 2022 issued by the Department of Food & Supplies, Government of West Bengal, we find that in the instant case, the amount of Rs.124 may be considered as equivalent to the consideration not in money for the purpose of determination of value of supply under clause (b) of rule 27 of the GST Rules and such amount is admittedly known to the applicant at the time of supply.

4.15 Now, on due consideration of the documents as produced before us by the applicant, we find that the value of goods involved in the instant supply stands at Rs.60/- against total

value of supply of Rs. 278.72 which is claimed to have been received by the applicant in cash as well as non-cash consideration. The value of goods involved in the instant composite supply thus found to be 21.52% of the total value of supply and thus constitutes not more than 25 percent of the value of the composite supply. We, therefore, hold that the instant supply of services by way of milling of food grains into flour (atta) to Food & Supplies Department, Govt. of West Bengal for distribution of such flour under Public Distribution System is eligible for exemption under serial no. 3A of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 since the supply satisfies all the conditions specified in the said entry.

In view of the above discussions, we rule as under:

RULING

Question: Whether the instant composite supply of service by way of milling of food grains into flour to Food & Supplies Department, Govt. of West Bengal for distribution of such flour under Public Distribution System is eligible for exemption under entry No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017?

Answer: The instant composite supply of service shall qualify for exemption vide serial 3A of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 [corresponding West Bengal State Tax Notification No. 1136-FT dated 28.06.2017].

Question: What shall be rate of GST on such milling, if it does not fall under entry No. 3A?

Answer: No answer is required to be given since the supply falls under entry no. 3A.

(BRAJESH KUMAR SINGH)
Member
West Bengal Authority for Advance Ruling

(JOYJIT BANIK)
Member
West Bengal Authority for Advance Ruling

Place: Kolkata

Date: 18.08.2022

To,

HIMALAYAN FLOUR MILL PRIVATE LIMITED

BANESWAR MORE, EASTERN BYPASS, BHOLANATH PARA, SILIGURI, Darjeeling, West Bengal, Pincode-734006

Copy to:

- (1) The Principal Chief Commissioner, CGST & CX, 180, Shantipally, R.B.Connector, Kolkata-7000107
- (2) The Commissioner of State Tax, West Bengal, 14, Beliaghata Road, Kolkata-700015
- (3) The Sr. JCCT/JC, Siliguri Charge, Paribahan Nagar, P.O. Matigara, Dist-Darjeeling, Pin code – 734010
- (4) The Commissioner, CGST, Siliguri Commissionerate, C.R. Building, Haren Mukherjee Road, Hakimpara, Siliguri, Pin code-734001
- (5) Office Folder