

**GOVERNMENT OF WEST BENGAL
DIRECTORATE OF COMMERCIAL TAXES
14, BELIAGHATA ROAD, KOLKATA-700015**

TRADE CIRCULAR No. 18/2018 (Circular No. 16/16/2017-GST)

DATED: 17.09.2018

Subject: Clarifications regarding applicability of GST and availability of ITC in respect of certain services

Various issues relating to applicability of GST and availability of ITC in respect of certain services have been received from the stake-holders. Accordingly, clarifications relating to applicability of GST and availability of ITC in respect of the following services are issued as under:

S. No.	Issue	Comment
1.	Is GST applicable on warehousing of agricultural produce such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (de-husked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc.?	<p>1. As per GST notification No. 1135-F.T./[11/2017-<i>StateTax (Rate)</i>], Sl.No. 24 and notification No. 1136-F.T./[12/2017-<i>StateTax (Rate)</i>], Sl.No. 54, both dated 28th June 2017, the GST rate on loading, unloading packing, storage or warehousing of agricultural produce is Nil.</p> <p>2. Agricultural produce in the notification has been defined to mean “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 primarymarket”</p> <p>3. Tea used for making the beverage, such as black tea, green tea, white tea is a processed product made in tea factories after carrying out several processes, such as drying, rolling, shaping, refining, oxidation, packing etc. on green leaf and is the processed output of the same.</p> <p>4. Thus, green tea leaves and not tea is the “agricultural produce” eligible for exemption available for loading, unloading, packing, storage or warehousing of agricultural produce. Same is the case with coffee obtained after processing of coffee beans.</p> <p>5. Similarly, processing of sugarcane into jaggery changes its essential characteristics. Thus, jaggery is also not an agricultural produce.</p> <p>6. Pulses commonly known as dal are obtained after dehusking or splitting or both. The process of dehusking or splitting is usually not carried out by farmers or at farm level but by the pulse millers. Therefore, pulses</p>

		<p>pulses (dehusked or split) are also not agricultural produce. However whole pulse grains such as whole gram, rajma etc. are covered in the definition of agricultural produce.</p> <p>7. In view of the above, it is hereby clarified that processed products such as tea (i.e. black tea, white tea etc.), processed coffee beans or powder, pulses (dehusked or split), jaggery, processed spices, processed dry fruits, processed cashew nuts etc. fall outside the definition of agricultural produce given in notification No. 1135-F.T.[11/2017-StateTax (Rate)] and 1136-F.T.[12/2017-StateTax (Rate)] and therefore the exemption from GST is not available to their loading, packing, warehousing etc. and that any clarification issued in the past to the contrary in the context of Service Tax or VAT/ Sales Tax is no more relevant.</p>
2.	<p>Is GST leviable on inter-state transfer of aircraft engines, parts and accessories for use by their own airlines?</p>	<p>1. Under Schedule I of the WBGST Act, supply of goods or services or both between related persons or between distinct persons as specified in Section 25, when made in the course or furtherance of business, even if, without consideration, attracts GST.</p> <p>2. It is hereby clarified that credit of GST paid on aircraft engines, parts & accessories will be available for discharging GST on inter-state supply of such aircraft engines, parts & accessories by way of inter-state stock transfers between distinct persons as specified in section 25 of the WBGST Act, notwithstanding that credit of input tax charged on consumption of such goods is not allowed for supply of service of transport of passengers by air in economy class at GST rate of 5%.</p>
3.	<p>Is GST leviable on General Insurance policies provided by a State Government to employees of the State government/ Police personnel, employees of Electricity Department or students of colleges/private schools etc.</p> <p>(a) where premium is paid by State Government and</p> <p>(b) where premium is paid by employees, students etc.?</p>	<p>It is hereby clarified that services provided to the Central Government, State Government, Union territory under any insurance scheme for which total premium is paid by the Central Government, State Government, Union territory are exempt from GST under Sl. No. 40 of notification No. 1136-F.T.[12/2017-StateTax (Rate)]. Further, services provided by State Government by way of general insurance (managed by government) to employees of the State government/ Police personnel, employees of Electricity Department or students are exempt vide entry 6 of notification No. 1136-F.T.[12/2017-StateTax (Rate)] which exempts Services by Central Government, State Government, Union territory or local authority to individuals.</p>

2. Difficulty if any, in the implementation of this circular may be brought to the notice of the Commissioner.

3. This Circular shall be deemed to have come into force with effect from 15.11.2017.

Sd/-
(Smaraki Mahapatra)
Commissioner, State Tax,
West Bengal

Memo. 378 CT/PRO
3C/PRO/2018

Date: 18.09.2018

Copy forwarded to the Additional CST/ISD for information and for uploading it on the official website of the Directorate for information of all concerned.

Sd/-
(Adesh Kumar)
Special CST & PRO