

TAX INFO

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Latest update on GST Law: Information regarding **Applicant is entitled to claim ITC on the packed food products sold** based on the **Judgement issued by Karnataka Authority for Advance Ruling.**

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Name of Applicant	In Re Mountain Trail Foods Private Limited
Name of Court	AAR-Karnataka
Appeal Number	KAR ADRG 115/2019
Date of Judgement	30/09/2019

Facts of the Case:

The applicant states that they are in the business of preparation of beverages Hot Chai, Iced Chai and shakes, Cakes and Savoury, Breafast, Maggi, Bun Maska the Chai point location and takeaway (parcel) prepared food products at their outlets (restaurants). In addition, the company also sells packed ready to eat products, confectionary and packed bakery products of various brands, co-branded products, Loose leaf Tea, Assam Tea, Premium Tea packets, Dip Tea bags, Chai Bottle, Chai Mugs.

Question on which Ruling is sought

The applicant has sought advance ruling in respect of the following questions:

- Applicability of rate of GST on the packed food products
- Admissibility of input tax credit on the packed food products sold.

Contention of Applicant:

The applicant classifies beverages and food products consumed and also takeaway (parcel) at Chaipoint premises as restaurant business and is charging GST at 5% as this is restaurant service. The applicant classifies services under Group 99633 Service Code 996331 – Services provided by Restaurants, Cafes and similar eating facilities including takeaway services, Room services and door delivery of food.

Observations:

The packaged goods enlisted by the applicant like loose leaf masala tea, Assam Premium Tea, etc are not articles of foods and drinks and are covered under goods. The supplies of such commodities are supplies of goods. They are covered under Notification No.1/2017-Central Tax (Rate) dated 28.06.2017 and under Notification No.2/2017 - Central Tax (Rate) dated 28.06.2017.

Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 is applicable only to supply of services and not supply of goods, only Notification No. 1/2017- Central Tax (Rate) is applicable and hence all the supply of goods which are enlisted in the list produced by the applicant are taxable as supply of goods and at rates applicable as per Notification No. 1/2017- Central Tax (Rate) dated 28.06.2017 and amended time to time

Ruling:

The sale of packed items like packaged food products which cannot be consumed as is basis and that needs further cooking operations and other packaged food products which are not processed by the applicant and sold as purchased are taxable at the appropriate rates and are not covered under the tax rate applicable to Group 99633 (HSN Code) as those relates only to services.

2. The applicant is eligible to take credit of the applicable input tax credit relatable to the supply of such goods.

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