

**GIB/DL/SHRI SHALESH/19.01.18/AAR-35**

**Advance Ruling Category :** Classification

**State :** Delhi

**Order No.:** GIB/DL/SHRI SHALESH/19.01.18/AAR-35

**Name of Entry :**

Shri Shalesh Kumar Singh

**Date :** 19-01-2018

**Product/ Service Involve :**

purchase 'Dried Tobacco Leaves' and after cleaning and removal of unwanted particles, to supply the same in the wholesale market without addition of any essence or foreign particle and without any branding. Such 'Dried Tobacco Leaves' are not fit for direct human consumption.

**Breif Issue :**

**Issue & Fact Of The Case :**

The applicant has raised the following Questions :

- What is the classification of Goods and services or both
- Determination of the liability to pay tax on goods or services or both

The applicant is trading in 'Dried tobacco Leaves' which would be purchased from registered dealer who in return purchases such tobacco leaves' from agriculturists / Farmers. As per the explanation stated by the applicant ,dried tobacco leaves shall be covered under 'Tobacco Leaves as per HSN Code List Chapter No.24 Tariff item 2401 and notification No. 01/2017 -Central Tax (Rate) ,dated 28.06.2017.

To understand goods proposed to be supplied ,and applicable rate of GST ,the process of harvesting, curing, fermentation etc. of tobacco leaves and meaning of various terms used in HSN, relevant notification and circular issued by CBEC have been discussed there in the ruling. The broken leaves covered under this procedure or in manufacturing ,they will not called broken leaves but termed as scrap. Since the goods proposed to be supplied by the applicant are admittedly undergone curing by Sun-Dry /Air-dry processes ,the same cannot be called 'Tobacco Leaves' and would be covered as 'unmanufactured tobacco (other than tobacco leaves)'. The applicant also have mentioned Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 which pertains to levy of GST on certain processes related to agriculture , but this cannot be applicable in this case.

**Decision of Advance Ruling Authority :**

**Decision:**

The dried Tobacco Leaves covered under HSN code 2401 which have undergone the process of curing after harvesting of tobacco leaves are 'unmanufactured tobacco'.

They are not covered under S.no 109 of schedule-1 of Notification No, 1/2017- Central Tax (Rate) Dated 28.06.2017 @ 2.5% (CGST) + 2.5% (SGST) or 5% IGST ,but the same are covered under S.no 13 of schedule-IV of the said notification as 'unmanufactured Tobacco (other than tobacco leaves) @ 14% (CGST) + 14% (SGST) or 28% (IGST).