

GIB/AP/Deccan tobacco/24.10.2019/AAR-376**Advance Ruling Category :** Rate & Taxability**State :** Andhra Pradesh**Order No.:** GIB/AP/Deccan tobacco/24.10.2019/AAR-376**Name of Entry :**

M/S. DECCAN TOBACCO COMPANY

Date : 24-10-2019**Breif Issue :****Facts & Issue Of The Case :**

The applicant M/s. Deccan Tobacco company is registered under GST Nide GSTIN: 37AAHFD1174H1ZI and also registered with the Tobacco Board as a packer and exporter of Tobacco. It deals in purchase and sale of tobacco of all varieties and forms. He also undertakes the operations of threshing and re-drying of tobacco leaves to make the agricultural produce marketable, mostly in overseas market.

After the introduction of GST, Tobacco is brought under the taxability from the stage of tobacco leaves. The applicable rates of unmanufactured tobacco are covered under two heads under the tariff which are as under vide Notification No.1/2017-Central Tax (Rate) dt.28.06.2017, both having the same HSN Code of 2401, as shown below:

Sl.No	Schedule	HSN Product Description	Rate of GST
1	Schedule - Sl. No. 109	2401 Tobacco Leaves	CGST 2.5%+SGST 2.5% i.e. total GST = 5%
2	Schedule - IV; Sl. No. 13	2401 Unmanufactured Tobacco; tobacco refuse (other than tobacco leaves)	CGST 14 % +SGST 14% i.e. total GST = 28%

The terms Tobacco leaves' and 'Unmanufactured Tobacco (other than tobacco leaves)' are not defined in the Tariff, classification of the commodity at various stages in the above specified heads may be a contentious issue. He, therefore, sought for an Advance Ruling.

The applicant, seeking an advance ruling in respect of :

1. What is the rate of GST applicable on tobacco leaves procured at tobacco auction platforms or directly from farmers, which are cured and dried by farmers themselves?

2. What will be the applicable rate of tax if the applicant purchases tobacco leaves from other dealers who have purchased them from farmers for the purpose of trading?
3. What will be the applicable rate of tax if the applicant segregates the tobacco into grades depending upon their size (width), colour /shade, length, texture of the leaf etc., and sells such graded tobacco leaf?
4. What will be the applicable rate of tax if the tobacco leaves are butted and sold to other dealers?
5. What is the applicable rate of tax if the applicant gets the tobacco leaves redried without getting them threshed and sold them?
6. What will be the applicable rate of tax if the applicant gets the tobacco leaves threshed and re-dried?
7. What will be the applicable rate of tax if the applicant gets the tobacco threshed and re-dried on job work basis at others' premises and then sells such threshed and re-dried tobacco leaves to others?

Decision of Advance Ruling Authority :**Decision :**

1. The GST Rate of tax for the tobacco leaves procured at tobacco auction platforms or directly from farmers, which are cured and dried by farmers themselves is 5% as per the [notification 4/2017 Central Tax \(Rate\)](#) under 'Reverse charge'.
2. 5% (2.5% SGST + 2.5% CGST) as per Sl.No.109 of schedule I [Notification No. 1/2017 Central Tax \(Rate\)](#) dated 28.06.2017.
3. 5% (2.5% SGST + 2.5 % CGST) as per Sl.No.109 of schedule I [Notification No. 1/2017 Central Tax \(Rate\)](#) dated 28.06 .2017.
4. 5% (2.5% SGST + 2.5% CGST) as per Sl.No.109 of schedule I [Notification No.1/2017 Central Tax \(Rate\)](#) dated 28.06.2017.
5. 5% (2.5% SGST + 2.5% CGST) as per Sl.No. 109 of schedule I [Notification No.1/2017 Central Tax \(Rate\)](#) dated 28.06.2017.
6. 28% (14% SGST +14% CGST) as per Sl.No. 13 of Schedule IV [Notification No.1/2017 Central Tax \(Rate\)](#) dated 28.06.2017.
7. 28% (14% SGST +14% CGST) as per Sl.No. 13 of Schedule IV [Notification No.1/2017 Central Tax \(Rate\)](#) dated 28.06.2017.