

**GIB/KN/Flower Auction/26.09.2019/AAR-416**

**Advance Ruling Category :** Classification

**State :** Karnataka

**Order No.:** GIB/KN/Flower Auction/26.09.2019/AAR-416

**Name of Entry :**  
International Flower Auction

**Date :** 26-09-2019

**Breif Issue :**

**Facts & Issue of Case:**

The Applicant International Flower Auction are in the business of auctioning flowers and are a commission agent for the flower growers. It is a joint venture company of private and public shareholders established to strike the potential of both export and domestic flower market, with a prime objective to auction high quality cut flowers of various flower crops on a daily basis. It is engaged in facilitating growers to auction their flowers as its company and buyers would come in person and check quality and bid.

The activity of the applicant is examined and found that the applicant is an auction house where the growers of the flowers bring the flowers to auction them and the buyers come and buy the produce. On successful auction, the applicant issues invoice on behalf of the growers and collect the sale price from the buyers and pays the consideration to the growers. Hence the applicant is acting as a Selling Commission Agent of the Growers. At the same time, he is also collecting commission for the services rendered to the buyer in providing the facilities etc. in connection with the flower auction.

In the present case the applicant has presented sample copies of invoices where the applicant issues the invoices for further supply of goods on behalf of the principal. This shows that the provision of the goods by the growers to the applicant is covered under Entry 3 of Schedule I of the CGST Act, 2017. Accordingly the relationship between the applicant and the growers is that between a principal and its agent – however, the fact that the applicant has the authority to pass or receive the title of the goods on behalf of the principal shows that the applicant predominantly acts as the commission agent.

**Decision of Advance Ruling Authority :**

**Decision:**

Since the applicant is a “commission agent” within the meaning of the term, he also falls under the definition of agent – The “cut flowers” are covered under the definition of “agricultural produce” as is defined in the para 2(d) to the Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017.

Entry No.54 of the Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 prescribes exemption for the “services relating to agricultural produce by way of services by a commission agent for sale or purchase of agricultural produce” – Since the applicant is a commission agent within the meaning of the term and he is providing services for sale or purchase of agricultural produce, the same is covered under clause (g) of entry no.54 of the Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017 and hence the services provided by the applicant is exempted from CGST – Similarly, the services are covered under clause (g) of entry no.54 of the Notification (12/2017) No. FD 48 CSL 2017 dated 29.06.2017 and hence are exempted from tax under the Karnataka Goods and Services Tax Act, 2017