

**GIB/TN/M/S KALIS SPARKLING/10.03.2021/AAAR-50**

**Appellate Advance Ruling Category :** Classification of Services

**State :** Tamil Nadu

**Order No.:** GIB/TN/M/S KALIS SPARKLING/10.03.2021/AAAR-50

**Name of Entry :**

M/S KALIS SPARKLING WATER PRIVATE LIMITED

**Date :** 10-03-2021

**Breif Issue :**

**FACTS OF THE CASE:**

In this case the appellant M/s Kalis Sparkling Water Private Limited engaged in manufacture of new products (carbonated fruit drink/ fruit juice without adding milk) and the sample has been taken which will be sold in the market name as 'K Juice Grape'.

As per the GST Act and its schedule, the rate of tax on the fruit pulp or fruit juicebased drink classified under the HSN Code 2202 is liable to be taxed at 12%

**ISSUE OF THE CASE:**

Whether their product K Juice Grape fall under category of fruit beverages or fruit based drinks?

What is the rate of tax and HSN code for their product?

Is there any persevered percentage of fruit or pulp in the beverages to call them as carbonated fruit beverages or drinks under the GST Act?

**Decision of Advance Ruling Authority :**

**DECISION:**

In the case at hand it is evident that the product contains fruit juice but is not 'Fruit pulp or Fruit juice based drink' but a Carbonated fruit beverage as marketed by the appellant and therefore, the product is not classifiable under CTH 22029920 as claimed by the appellant and is rightly classifiable under the category of "Other" under CTH '2202 1090' as has been decided by the lower authority who have dealt in detail the applicable Food regulations as per FSSAI and CTH 2202 read with the explanatory notes to arrive at the said conclusion.

K-Juice Grape' marketed by Kalis Sparkling water will be subject to GST at 28% as the Appellate Authority for Advance Rulings (AAAR) has held it to be a 'Carbonated beverage

with fruit juice'.

The products prepared from fruit juice and water or carbonated water with the minimum Fruit content of not less than 10.0 percent in cases of fruits other than Lime or Lemon juice falls under this category. In the case at hand, the product has a content of fruit juice as required under this Regulation 2.3.30, contains sugar and other ingredients appropriate to the product and is carbonated and therefore Having clarified that the product is 'Carbonated Fruit Beverage', the classification under Customs Tariff heading, applicable to GST are examined.

So from the above it is seen that Pre-GST Tax incidence on the product was 40% whereas in the GST regime, it was proposed to be taxed at 28%.