



TELANGANA STATE AUTHORITY FOR ADVANCE RULING
CT Complex, M.J Road, Nampally, Hyderabad-500001.
(Constituted under Section 96(1) of TGST Act, 2017)

Present:

Sri V. Srinivas, IRS, Joint Commissioner (Central Tax)

Sri J. Laxminarayana, Additional Commissioner (State Tax)

A.R.Com/11/2018

Date. 02-07-2018

TSAAR Order No. 6/2018

Under Section 100(1) of the CGST/TGST Act, 2017, any person aggrieved by this order can prefer an appeal before the Telangana State Appellate Authority for Advance Ruling, Hyderabad, within 30 days from the date of receipt of this Order.

M/s. Madhucon Sugar and Power Industries Ltd, Ammagudem post, Rajeswarapuramvillage, Nelakondapally Mandal, Khammam District has filed an application in Form GST ARA-01 under Section 97(1) of TGST Act, 2017 read with Rule 103 of CGST/TGST Rules, 2017 stating that they are manufacturers of Extra Neutral Alcohol (ENA) and Rectified spirits and sought Advance Ruling on the following issues:

- (i) Whether HSN Code 2207 covers both “ denatured Ethyl alcohol and other spirits”(Not fit for human consumption) and “Un-denatured alcohol”(Fit for human consumption).
 - (ii) If Un-denatured ethyl alcohol of any strength of percentage or higher by volume i.e., ENA/RS being sold by them for potable application to State Distilleries & Beverages / Manufacturers, in turn who is making liquor for human consumption shall be covered under GST? or it is out of the purview of GST?, If covered under GST what is the rate of duty to be charged by them?
 - (iii) If Un-denatured alcohol is not under purview of GST, i.e., ENA/RS sold by them for potable purpose to State distilleries and beverages used for human consumption, what is their obligation and eligibility of Input credit taken on materials/ consumables ?
2. The applicant submitted the application in Form GST ARA-01 and have submitted a copy of Challan evidencing payment of application fee of Rs.5,000/-.
 3. Statement of relevant facts submitted by the applicant:
 - (i) All spirits (other than denatured ethyl alcohol of any strength) for example ENA for potable application is and has been out of the ambit of the Central Excise duty as can be seen from S.No.40 of the Notification No.12/2012 dated 17.03.2012 which exempts Central Excise duty.
 - (ii) Prior to introduction of GST all ENA/RS (un-denatured) is exempted under Central Excise Act, 1944. However it is taxable under state VAT @ 5%.

4. Statement containing the applicant's views on the issue on which advance ruling is sought:

- (i) By virtue of constitutional amendment and section 9(1) of GST Act, alcohol for human consumption is out of purview of GST.
- (ii) HSN code 2207 covers the denatured and other alcohol only.
- (iii) Under HSN code 220710 there are certain items which are un-denatured (fit for human consumption) which are not covered by virtue of section 9(1) of GST Act.
- (iv) Items mentioned under HSN code 22072000 would not fall under 18% tax rate schedule.
- (v) For invoicing Rectified spirit HSN code 22071019 shall be used and for ENA HSN code 22071090 shall be applicable.

5. The advance ruling sought in the application has been examined in detail and found that the issue of "Taxation of Rectified Spirit/ Extra Neutral Alcohol (ENA) under GST" is one of the agenda points placed before GST council for deliberation in the 20th meeting of the GST council held on 05.08.2017. The decision on the "applicability of GST on ENA" is pending before GST council and even in the 27th GST council meeting held on 04.05.2018 it was decided to defer the agenda point on the "applicability of GST on ENA" to the next meeting.

6. Since the issue raised by the applicant is pending before GST Council for a decision, Advance Ruling on the issues raised in the application cannot be given at this juncture.

7. Hence, the application filed by M/s Madhucon Sugar and Power Industries Ltd, Ammagudem post, Rajeswarapuram village, Nelakondapally Mandal, Khammam District is disposed accordingly.

Sd/- J. Lakshminarayana
ADDL. COMMISSIONER (State Tax)

Sd/- V. Srinivas
JOINT COMMISSIONER (Central Tax)

To
M/s.Madhucon Sugar and Power Industries Ltd,
Ammagudem post, Rajeswarapuram village,
Nelakondapally Mandal,
Khammam District.

Copy to:

1.The Asst Commissioner (Central Tax), Khammam Division, Khammam.

//t.c.f.b.o//

Additional Commissioner (ST)