

**THE AUTHORITY ON ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU - 560 009**

**Advance Ruling No. KAR ADRG 77/2019**

**Dated: 24<sup>th</sup> September, 2019**

Present:

1. **Sri. Harish Dharnia,**  
Additional Commissioner of Central Tax, . . . Member (Central Tax)
2. **Dr. Ravi Prasad M.P.**  
Joint Commissioner of Commercial Taxes . . . Member (State Tax)

1.	Name and address of the applicant	M/s. Kohinoor Woods, No.933, Opp. Range Forest Office, Kolar Main Road, Bangarpet - 563114
2.	GSTIN or User ID	29AJWPT4367N1ZU
3.	Date of filing of Form GST ARA-01	29.01.2019
4.	Represented by	Sri Syed Tanveer Ahmed, Proprietor
5.	Jurisdictional Authority - Centre	Pr Commissioner of Central Tax, Bangalore East, RANGE-EED9
6.	Jurisdictional Authority - State	LGSTO 184 - BANGARPET (Jurisdictional Office)
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- each under CGST Act and under KGST Act vide CIN CPIN 19012900450097 dated 29.01.2019.

**ORDER UNDER SUB-SECTION (4) OF SECTION 98 OF CENTRAL GOODS AND SERVICES TAX ACT, 2017 AND UNDER SUB-SECTION (4) OF SECTION 98 OF KARNATAKA GOODS AND SERVICES TAX ACT, 2017**

1. M/s. Kohinoor Woods, No.933, Opp. Range Forest Office, Kolar Main Road, Bangarpet - 563114, having GSTIN number 29AJWPT43671ZU filed an application for Advance Ruling under Section 97 of the CGST Act, 2017,

M/s. Kohinoor Woods

Page 1 of 4





and Section 97 of the KGST Act, 2017, in FORM GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act and the KGST Act.

2. The Applicant is a registered dealer under the Goods and Services Act, 2017, engaged in the business of purchasing standing live trees from the Deputy Conservator of Forests, Social forestry Division, Bangalore rural, through online tender cum auction held at MSTC portal.

3. The applicant sought advance ruling in respect of the following question:

a) What is rate of GST on Live standing trees?

### **FACTS OF THE CASE**

4. The Applicant is engaged in the business of purchasing standing live trees from the Deputy Conservator of Forests, Social forestry Division, Bangalore rural, through online tender cum auction held at MSTC portal.

5. The Applicant submitted that they have received the work order dated 31.08.2017 from the Deputy Conservator of Forest, Social Forestry Division, Kolar for cutting and removal of KARI JALLI(Acacia Trees) for Rs. 6,43,278/-which includes 12% of Forest Development Tax, 18% GST, 2.5% IT and 10%cess on IT. The Applicant also received work order from Deputy Conservator of Forest, Social Forestry Division, Bangalore Rural for cutting and removal of Acacia Auriculiformis and Acacia trees for Rs. 44,51,576.00 including 12% of Forest Development tax, 18% GST, 2.5% IT and 10%cess on IT.

6. The Applicant further submitted that though standing live trees are exempted from GST as per Notification No.2/2017-Central Tax(Rate) dated28.06.2017 and Notification No. (02/2017) No.FD 48 CSL 2017 dated:29.06.2017, the Deputy Conservator of Forests, Social Forestry Division, Bangalore Rural, is demanding for payment of GST @ 18% even after producing proof of documents.

### **PERSONAL HEARING**

7. Sri Syed Tanveer Ahmed, the proprietor of M/s Kohinoor Woods appeared for personal hearing proceedings before this authority and submitted that they are purchasing standing live trees from the Forest Department and the Forest Department is charging 18% GST on standing live trees though live trees are exempted from GST as per the entry no.34 of the Notification No.2/2017 - Central Tax(Rate) dated28.06.2017 and Notification (02/2017) No.FD 48 CSL 2017 dated29.06.2017.





## **FINDINGS & DISCUSSION:**

8. We have considered the submissions made by the Applicant in their application for advance ruling as well as the submissions made by the applicant during the personal hearing. We also considered the issue involved, on which advance ruling is sought by the applicant, relevant facts and the applicant's interpretation of law.

9. The Applicant has filed the application seeking advance ruling, regarding the rate of GST on standing live trees.

10. On verification of the nature of activities carried out by the applicant, it is observed that applicant has obtained a work order from Social Forestry Department through the tender for cutting and removal of standing live trees. As per the work order issued by the Social Forestry Department some areas are allotted to the applicant to cut and remove standing live trees. Accordingly, the applicant is engaged in cutting standing live trees and removing the same from that place. Thus Forest Department has sold the standing live trees to the applicant to cut and remove the same without damaging any other trees.

11. In this case, instead of Forestry Department taking the responsibility of cutting the trees it directed the applicant to cut and remove the standing live trees. Thus applicant is ultimately removing the cut log and not the live trees. Here the job of cutting is undertaken by the applicant instead of Social Forestry Department that does not mean that the Department supplying standing live trees and further Department has directed the applicant to cut and remove the trees. The applicant is not allowed to leave the live trees intact in the area and hence is bound to cut and remove the wood from the area. What is appropriated by the applicant is the timber logs and not live trees as the contract is clearly mandating that the goods are to be cut and then appropriated to the contract. The Applicant is finally removing cut logs from that allotted area and not the live trees.

12. Further, it is a composite contract of cutting of live trees to obtain the logs and transfer of the timber logs, with transfer of timber logs being the principal supply in the composite supply. By virtue of section 8 of the CGST Act, the entire supply would be deemed to be the supply of the principal supply i.e. supply of timber, which is covered under HSN 4403 and under the entry no. 134 of Schedule III of the Notification No: 1/2017- Central Tax (Rate) dated 28/06/2017 and hence chargeable to tax @ 9%. Similarly the same is taxable under KGST Act at 9%.

M/s. Kohinoor Woods

Page 3 of 4







13. In view of the foregoing, we pass the following

### **RULING**

The transaction of the applicant removing the rough wood after cutting the trees and appropriating the wood logs under contract is covered under entry no. 134 of Schedule III of the Notification No: 1/2017- Central Tax (Rate) dated 28/06/2017 and hence chargeable to tax @ 9%. Similarly the same is taxable under KGST Act at 9%.



  
24.09.2019  
**(Harish Dharnia)**  
**Member**

  
**(Dr. Ravi Prasad M.P.)**  
**Member**

Place: Bengaluru,  
Date: 24.09.2019

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Pr. Commissioner of Central Tax, Bangalore East, Bengaluru.
4. The Asst. Commissioner, LGSTO-184 - BANGARPET.
5. Office Folder.