

F.No.354/255/2018-TRU (Part-2)

Government of India  
Ministry of Finance  
Department of Revenue  
(Tax Research Unit)

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North Block, New Delhi  
Dated, 9<sup>th</sup> August, 2018

To

Principal Chief Commissioners/Principal Directors General,  
Chief Commissioners/Directors General,  
Principal Commissioners/Commissioners of Central Excise and Central Tax (All),  
All under CBEC.

Madam/Sir,

**Subject: Clarification regarding applicability of GST on various goods and services—  
reg.**

Representations have been received seeking clarification in respect of applicable GST rates on the following items:

- (i) Fortified Toned Milk
- (ii) Refined beet and cane sugar
- (iii) Tamarind Kernel Powder (Modified & Un Modified form)
- (iv) Drinking water
- (v) Plasma products
- (vi) Wipes using spun lace non-woven fabric
- (vii) Real Zari Kasab (Thread)
- (viii) Marine Engine
- (ix) Quilt and comforter
- (x) Bus body building as supply of motor vehicle or job work
- (xi) Disc Brake Pad

2. The matter has been examined. The issue-wise clarifications are discussed below:

3.1 **Applicability of GST on Fortified Toned Milk:** Representations have been received seeking clarification regarding applicability of GST on Fortified Toned Milk.

3.2 Milk is classified under heading 0401 and as per S.No. 25 of notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, fresh milk and pasteurised milk, including separated milk, milk and cream, not concentrated nor containing added sugar or other sweetening matter, excluding Ultra High Temperature (UHT) milk falling under tariff head 0401 attracts NIL rate of GST. Further, as per HSN Explanatory Notes, milk enriched with vitamins and

leg.

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minerals isclassifiable under HSN code 0401. Thus, it is clarified that toned milk fortified (with vitamins 'A' and 'D') attracts NIL rate of GST under HSN Code 0401.

**4.1 Applicable GST rate on refined beet and cane sugar:** Doubts have been raised regarding GST rate applicable on refined beet and cane sugar. *Vide* S. No. 91 of schedule I of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, 5% GST rate has been prescribed on all kinds of beet and cane sugar falling under heading 1701.

**4.2** Doubts seem to have arisen in view of S.No. 32 A of the Schedule II of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, which prescribes 12% GST rate on "All goods, falling under tariff items 1701 91 and 1701 99 including refined sugar containing added flavouring or colouring matter, sugar cubes (other than those which attract 5% or Nil GST)".

**4.3** It is clarified that by virtue of specific exclusion in S.No. 32 A, any sugar that falls under 5% category [at the said S.No. 91 of schedule I of notification No.1/2017-Central Tax (Rate) dated 28.06.2017] gets excluded from the S.No. 32 A of Schedule II. As all kinds of beet and cane sugar falling under heading 1701 are covered by the said entry at S. No. 91 of Schedule I, these would get excluded from S.No. 32 A of Schedule II, and thus would attract GST @ 5%.

**4.4** Accordingly, it is clarified that beet and cane sugar, including refined beet and cane sugar, will fall under heading 1701 and attract 5% GST rate.

**5.1 Applicable GST rate on treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder:** Representation have been received seeking clarification regarding GST rate applicable on treated (modified) tamarind kernel powder and plain (unmodified) tamarind kernel powder.

**5.2** There are two grades of Tamarind Kernel Powder (TKP):- Plain (unmodified) form (hot, water soluble) and Chemically treated (modified) form (cold, water soluble).

**5.3** As per S.No. 76 A of schedule I of notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, 5% GST rate was prescribed on Tamarind Kernel powder falling under chapter 13. However, certain doubts have been expressed regarding GST rate on Tamarind kernel powder, as the said notification does not specifically mention the word "*modified*".

**5.4** As both plain (unmodified) tamarind kernel powder and treated (modified) tamarind kernel powder fall under chapter 13, it is hereby clarified that both attract 5% GST in terms of the said notification.

**6.1 Applicability of GST on supply of safe drinking water for public purpose:** Representations have been received seeking clarification regarding applicability of GST on supply of safe drinking water for public purpose.

