



Chambers of Jain
and Kumar

Advocates and consultants

Practice Update: Indirect Tax

Authority of Advance Rulings (AAR)

Parotas are not ready to eat and also not similar to khakhra/roti hence taxable at the rate of 18%: Karnataka AAR¹

The taxpayer is engaged in manufacturing and supply of whole wheat parota and malabar parota, which are prepared by using whole wheat and maida. These products are required to be heated before utilization. The taxpayer contended that the products are taxable at the rate of 5% under heading 1905 (khakhra, plain chapatti or roti). The AAR held that the parota cannot qualify as khakra or roti as these products are completely cooked and can be consumed without human preparation, hence, ready to eat in nature. However, parotas are different from rotis and khakras as well as require further processing for human consumption. Hence, the rate of GST leviable on parotas will be 18% .

Renting/leasing of cold storage premises is equivalent to renting/leasing of immovable property, taxable at the rate of 18%: Telangana AAR²

The taxpayer is engaged in providing services regarding storage and warehousing of agricultural produce, food grains including pulses and rice etc. They are using leased premises for storage of agricultural produce which is exempted from GST and lessor is insisting to pay GST on lease charges and the lessee has denied paying GST on lease charges, where the lessee is using the premises only for storage of agricultural produce. The taxpayer approached the AAR for determining the GST implication on cold storage leased on rent for storage with or without preservation and maintenance to Private Enterprises. **In response to the question, the Telangana AAR held that where an agreement is purely in the nature of renting/leasing of premises of cold storage by one entity to another entity, then said activity amounts to renting/leasing of immovable property and chargeable to tax at rate of 18 %.**

High Court:

¹ID Fresh Food (India) (P.) Ltd., In re: Advance Ruling No. KAR ADRG 38/2020, Order date 22 May 2020

² Gubba Cold Storage Private Limited, In re: [2020] 117 taxmann.com 67 (AAR- TELANGANA)

Implanting prosthetics such as stents, valves, etc. in the patient's body are taxable under TNVAT: Madras High Court³

The petitioners are corporate bodies and persons running hospitals and providing medical services. In the course of provision of such services, they have Ortho Implants, Plates, Stents, Valves, Pace Makers, balloon pump etc (**Prosthetics**) in the body of the patients for treatment by surgery and provided such other ancillary services such as MRI Scan Films, X-Ray Films and others. The Government of Tamil Nadu is proposing to tax these services as “works contract” under the TN VAT Act 2006. The high court observed that the fitting out or implanting Prosthetics while treating in house patients amount to “works account” and hence liable to tax.

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³MIOT Hospitals Ltd. v. State of Tamil Nadu: [2020] 117 taxmann.com 46 (Madras)