

NO.F.1-11(8)-TAX/GST/2021 / 20672-771
GOVERNMENT OF TRIPURA
OFFICE OF THE CHIEF COMMISSIONER OF STATE TAX
PANDIT NEHRU COMPLEX, GURKHABASTI
AGARTALA, TRIPURA WEST, PIN-799006.

Dated, Agartala, the 28th June, 2021.

Circular No. 09/2021 – GST (State)

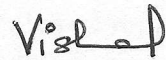
To
The Additional Commissioner of State Tax/
Deputy Commissioner of State Tax/
Assistant Commissioner of State Tax (CDC)-I / II/
Superintendent of State Tax (All)/
Inspector of State Tax (All)

Subject: GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS –reg.

The Government of India, Ministry of Finance, Department of Revenue vide Circular No. 153/09/2021–GST dated 17th June, 2021 has issued a clarification regarding GST on milling of wheat into flour or paddy into rice for distribution by State Governments under PDS, in order to ensure uniformity in the implementation of the provisions of law across the field formations, which is annexed herewith.

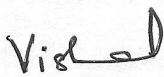
In exercise of powers conferred by section 168 of the Tripura State Goods and Services Tax Act, 2017 (Tripura Act No. 9 of 2017) for the purpose of uniformity in the implementation of the Act it is instructed to follow the clarification issued vide Circular No. 153/09/2021–GST dated 17th June, 2021 by the Government of India, Ministry of Finance, Department of Revenue.

Encl.: Circular No. 153/09/2021–GST.


(Dr. Vishal Kumar, IAS)
Chief Commissioner of State Tax
Government of Tripura

Copy to:

1. The P.S. to the Principal Secretary, Finance, Government of Tripura for favour of kind information to the Principal Secretary, Finance.
2. The P.S. to the Secretary, Finance, Government of Tripura for favour of kind information to the Secretary, Finance.
3. The Assistant Statistical Officer, Statistical Section, O/o the Commissioner of Taxes & Excise, Agartala with request to upload the Circular in the Official website www.tripurataxes.nic.in.
4. Guard File.


(Dr. Vishal Kumar, IAS)
Chief Commissioner of State Tax
Government of Tripura

CBIC-190354/36/2021-TRU Section-CBEC

**Government of India
Ministry of Finance
Department of Revenue**

**North Block, New Delhi,
Dated the 17th June, 2021**

To,

**The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/ Commissioner of Central Tax (All) /
The Principal Director Generals/ Director Generals (All)**

Madam/Sir,

**Sub: GST on milling of wheat into flour or paddy into rice for distribution
by State Governments under PDS –reg.**

Certain representations have been received seeking clarification whether composite supply of service by way of milling of wheat into wheat flour, alongwith fortification, by any person to a State Government for distribution of such wheat flour under Public Distribution System is eligible for exemption under entry No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, and also as regards the rate of GST on such milling, if it does not fall in said entry No. 3A. The issue has been examined by GST Council in its 43rd meeting held on 28th May, 2021.

2. Entry at Sl. No. 3A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 exempts *“composite supply of goods and services in which the value of supply of goods constitutes not more than 25 per cent of the value of the said composite supply provided to the Central Government, State Government or Union territory or local authority or a Governmental authority or a Government Entity by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution or in relation to any function entrusted to a Municipality under article 243W of the Constitution”*.

3. As per the recommendation of the GST Council the issue is clarified as below.

3.1 Public Distribution specifically figures at entry 28 of the 11th Schedule to the constitution, which lists the activities that may be entrusted to a Panchayat under Article 243G of the Constitution. Hence, said entry No. 3A would apply to composite supply of milling of wheat and fortification thereof by miller, or of paddy into rice,

provided that value of goods supplied in such composite supply (goods used for fortification, packing material etc) does not exceed 25% of the value of composite supply. It is a matter of fact as to whether the value of goods in such composite supply is up to 25% and requires ascertainment on case-to-case basis.

3.2 In case the supply of service by way of milling of wheat into flour or of paddy into rice, is not eligible for exemption under Sl. No. 3 A of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 for the reason that value of goods supply in such a composite supply exceeds 25%, then the applicable GST rate would be 5% if such composite supply is provided to a registered person, being a job work service (entry No. 26 of notification No. 11/2017- Central Tax (Rate) dated 28.06.2017). Combined reading of the definition of job-work [section 2(68), 2(94), 22, 24, 25 and section 51] makes it clear that a person registered only for the purpose of deduction of tax under section 51 of the CGST Act is also a registered person for the purposes of the said entry No. 26, and thus said supply to such person is also entitled for 5% rate.

4. Difficulty if any, in the implementation of this circular may be brought to the notice of the Board.

Yours Faithfully,

Shashikant Mehta
Technical Officer (TRU)
Email: shashikant.mehta@gov.in