

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

Advance Ruling No. KAR ADRG 35/2023

Date : 16-11-2023

Present:

1. Dr. M.P. Ravi Prasad

Additional Commissioner of Commercial Taxes

... Member (State)

2. Sri. Kiran Reddy T

Additional Commissioner of Customs & Indirect Taxes

... Member (Central)

1.	Name and address of the applicant	M/S. CENTRAL POLICE CANTEEN, # 5, C.A.R. Headquarters, Mysore Road, Bengaluru - 560 018.
2.	GSTIN or User ID	29AAAGC939H1ZG
3.	Date of filing of Form GST ARA-01	17-08-2023
4.	Represented by	Sri. Gireesha B R, ACP, CAR Hq., along with Sri. Shishir, C A & Authorised Representative
5.	Jurisdictional Authority - Centre	The Principal Commissioner of Central Tax, Bengaluru West Commissionerate, Bengaluru. (Range-AWD1)
6.	Jurisdictional Authority - State	ACCT, LGSTO- 100, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2907230014246 dated 05.07.2023.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Central Police Canteen (herein after referred to as 'Applicant') # 5, C.A.R. Headquarters, Mysore Road, Bengaluru-560 018, having GSTIN 29AAAGC939H1ZG, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act.



2. The applicant submitted that their's is a subsidiary canteen, formed in terms of permission granted vide letter No.DA-VII/SC-CP/2013 dated 28.11.2013, issued by the Central Office, Central Police Canteen, Ministry of Home Affairs, Government of India. The applicant is engaged in the business of supply of subsidized goods to serving & retired police personnel of the State Police Organisations. The applicant is allowed to purchase the said goods only from the Central Canteen situated at Yelahanka, Bengaluru, Karnataka. Further the applicant is a subsidiary canteen which is supposed to strictly adhere to the instructions/ guidelines that are issued/being issued by the Central Office of the Central Police Canteen, from time to time, as the same falls under the Central Police Force Canteen System (CPFCS/ CPF Canteen System), set up vide letter No.27011/75/2011-R&W dated 18.11.2011, issued by the Resettlement & Welfare Department, Police Division-II, Ministry of Home Affairs, Government of India.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

- a. Whether the applicant being a recognized Unit Run Canteen be exempted from levying CGST on goods sold by it to authorized customers?
- b. Whether similar exemption can be availed under State GST also?
- c. Is the applicant eligible to claim refund of CGST and SGST paid by it on goods purchased till date?

4. **Admissibility of the Application :** The advance ruling sought by the applicant on the questions, at para 3 supra. The applicant vide the said questions sought to know the applicability of certain exemption notifications issued under the provisions of the CGST Act 2017, which are covered under Section 97(2)(b) and hence the application is admissible under Section 97(2)(b) of the CGST Act 2017.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

5.1 The applicant is a subsidiary canteen of Central Police Force Canteen System (CPFCS/ CPF Canteen System), which is set up vide letter No.27011/75/2011-R&W dated 18.11.2011, issued by the Resettlement & Welfare Department, Police Division-II, Ministry of Home Affairs, Government of India and thus claims that they are entitled to avail CPF Canteen facilities.

6. **Applicant's Interpretation of Law:** The applicant furnished their understanding / interpretation of law inter alia stating as under:

6.1 The applicant, quoting the Notification No.7/2017-Central Tax (Rate) dated 28.06.02017, contends that their canteen is covered under "Unit Run Canteens" and thus the supply of goods by them to the authorized customers is exempted from levy of GST.



6.2 The Notification No.6/2017-Central Tax(Rate) dated 28.06.2017, issued in exercise of the powers conferred by Section 55 of the CGST Act 2017, by the Central Government, on the recommendations of the GST Council, specifies that *"the Canteen Stores Department under the Ministry of Defence, as a person who shall be entitled to claim refund of fifty percent of the applicable central tax paid by it on all inward supplies of goods received by it for the purpose of subsequent supply of such goods to the Unit Run canteens of the CSD or to the authorized customers"*. The applicant quoting the Notification supra contends that they are entitled to claim refund of fifty percent of the applicable central tax paid by it on all inward supplies.

7. The Assistant Commissioner of Central Tax, West Division-1, Bengaluru West Commissionerate, Bengaluru vide letter dated 12.10.2023 furnished the following information inter alia stating as under:

7.1 The applicant is registered with GST under Composition Scheme for trading of goods falling under HSN 8214, 8215 and 3302 and restaurant services falling under SAC 00441067; ASMT 10 was issued to the applicant stating that they are ineligible for composition scheme and directed to register under normal scheme and pay 18% GST on the turnover, under Section 9 of the CGST Act 2017; the applicant admitted that they erroneously filed GST returns under composition scheme but later computed the tax liability along with interest under regular scheme and paid balance tax vide DRC-03, setting off an amount of Rs.40,88,757/- on account of ITC for 2019-20, which is ineligible and time barred; the taxable value declared by the applicant in the statutory returns does not tally with the financial statements submitted by them at a later date; adjusted the liabilities with the ITC which is ineligible; Show cause notice No.38/2021-22 dated 3.03.2022 was issued demanding the short paid GST liability of Rs.52,62,236/- under Section 74 of the CGST Act 2017; the exemption from payment of GST is extended only to the Canteen Stores Department / Unit Run Canteens in terms of Notification No.07/2017-Central Tax (Rate) dated 28.06.2017.

PERSONAL HEARING PROCEEDINGS

8. Sri. Gireesha B R, ACP, CAR Hq., along with Sri. Shishir, C A & Authorised Representative of the applicant appeared for personal hearing proceedings held on 07.09.2023, reiterated the facts narrated in their application and also requested for additional hearing. Accordingly one more opportunity of personal hearing was granted and Sri. Gireesha B R, ACP, CAR Hq., along with Sri. Shishir, C A appeared and furnished the copies of OM dated 18.09.2006 along with copy of letter dated 28.11.2013, both issued by the Ministry of Home Affairs, Government of India.

FINDINGS & DISCUSSION

9. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar



provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

10. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

11. The applicant being a subsidiary canteen formed in terms of permission granted vide letter No.DA-VII/SC-CP/2013 dated 28.11.2013, issued by the Central Office, Central Police Canteen, Ministry of Home Affairs, Government of India. The applicant is engaged in the business of supply of subsidized goods to serving & retired police personnel of the State Police Organisations. The applicant sought advance rulings in respect of the questions mentioned at para 3 supra. We take up one question at a time for discussion.

12. The first question is *Whether the applicant being a recognized Unit Run Canteen be exempted from levying CGST on goods sold by it to authorized customers?*

The applicant through this question claimed that they are a recognized Unit Run Canteen, and sought to know whether the supply of goods by them to authorized customers is exempted or not. The applicant without mentioning the number of relevant notification, seeks the ruling on applicability of the Notification No. 07/2017-Central Tax (Rate) dated 28.06.2017. The said notification issued under sub-section (1) of section 11 of the CGST Act 2017 exempts supplies of goods, the description of which is specified in column (3) of the Table below, falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2), from the whole of the central tax leviable thereon under section 9 of the CGST Act 2017.

TABLE

S. No.	Tariff item, sub-heading, heading or Chapter	Description of supply of Goods
(1)	(2)	(3)
1.	Any chapter	The supply of goods by the CSD to the Unit Run Canteens
2.	Any chapter	The supply of goods by the CSD to the authorized customers
3.	Any chapter	The supply of goods by the Unit Run Canteens to the authorized customers

13. It is clearly evident from the above table of the Notification supra that the exemption from levy of GST is only in respect of supply of goods by the CSD to the Unit Run Canteens, to the authorized customers and by the Unit Run Canteens to the authorized customers. In view of this we proceed to decide whether the applicant is covered under Unit Run Canteen or not. In this regard we invite reference to Notification No.6/2017-Central Tax (Rate) dated 28.06.2017 which



clearly specifies that the CSD i.e. Canteen Stores Department, Unit Run Canteens of the CSD and the authorized customers of CSD are under the Ministry of Defence, Government of India. It is an admitted fact that the applicant is a subsidiary canteen of the Central Police Force Canteen System (CPFCS), under the Ministry of Home Affairs, Government of India, formed in terms of permission granted vide letter No. DA-VII/SC-CP/2013 dated 28.11.2013. Further, para 4(h) of the said letter specifies that **"VAT as applicable in conformity with orders of State Government will be paid unless specifically exempted by notification of concerned State Government"**. Furthermore, the Central Police Force Canteen System (CPFCS) does not mention/use the terms **Canteen Stores Department, Unit Run Canteens of the CSD and the authorized customers of CSD** in the aforesaid letter dated 28.11.2013. Thus the applicant is not covered under the Unit Run Canteen as they are a subsidiary canteen of CPF canteen under the Ministry of Home Affairs. Therefore the applicant is not entitled to claim the exemption provided under the Notification No.7/2017-Central Tax (Rate) dated 28.06.2017.

14. We proceed to consider the second question i.e. *Whether similar exemption can be availed under State GST also?*

The applicant is not entitled for exemption provided under the Notification No.7/2017-Central Tax (Rate) dated 28.06.2017, as discussed / explained at para 12 supra. Since similar exemptions are issued by State GST on subject issues, we find that the applicant is not entitled for any exemption even under the Notification issued by the State GST.

15. Now we proceed to consider the last question i.e. *Is the applicant eligible to claim refund of CGST and SGST paid by it on goods purchased till date?*

The applicant seeks advance ruling on the eligibility to claim refund of CGST and SGST paid on purchase of goods. The applicant, though not mentioned the relevant notification number under which the refund is dealt with, is intended to know about the applicability of the relevant Notification No. 6/2017-Central Tax (Rate) dated 28.06.2017, which reads as under:

In exercise of the powers conferred by section 55 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby specifies the Canteen Stores Department (hereinafter referred to as the CSD), under the Ministry of Defence, as a person who shall be entitled to claim a refund of fifty per cent. of the applicable central tax paid by it on all inward supplies of goods received by it for the purposes of subsequent supply of such goods to the Unit Run Canteens of the CSD or to the authorized customers of the CSD.

2. This notification shall come into force with effect from the 1st day of July, 2017.



16. It is evident from above that the Notification No.6/2017-Central Tax(Rate) dated 28.06.2017, specifies that "the Canteen Stores Department under the **Ministry of Defence**, as a person who shall be entitled to claim refund of fifty percent of the applicable central tax paid by it on all inward supplies of goods received by it for the purpose of subsequent supply of such goods to the Unit Run canteens of the CSD or to the authorized customers".

In view of the foregoing it is very clear that the notification is applicable only to the Canteen Stores Department under the Ministry of Defence, and not to any other Canteen Stores. In the instant case, the applicant canteen is formed under the orders of Ministry of Home Affairs and thus the notification No.6/2017-Central Tax(Rate) dated 28.06.2017 is not applicable to the applicant and thereby they are not entitled to claim the benefit of the said notification.

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

RULING

- (i) The applicant is not covered under Unit Run Canteen and thus is not exempted from levy of CGST on goods sold by it to authorized customers.
- (ii) The applicant is not entitled for any similar exemption under State GST.
- (iii) The applicant is not eligible to claim refund of CGST and SGST paid by them on goods purchased till date.

(Dr. M.P. Ravi Prasad)

Member

Karnataka Advance Ruling Authority

Place : Bengaluru - 560 009

Date : 16-11-2023

(Kiran Reddy T)

Member

MEMBER

Karnataka Advance Ruling Authority

Bengaluru - 560 009

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 Principal Commissioner of Central Tax, Bengaluru West Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-100, Bengaluru.
5. Office Folder.



#Central Police Canteen