

100**GST applicability on Seed Certification Tags - GST****Circular No. 100/19/2019-GST****30th April, 2019**

Representations have been received by the Board seeking clarification regarding applicability of GST on supply of Seed Certification Tags. Reference in this regard has also been received from the State of Tamil Nadu.

2. The matter has been examined. It is seen that the process of seed testing and certification followed in the state of Tamil Nadu, as prescribed in the Seeds Act, 1966 and elaborated in the Manual on Seed Production and Certification, published by Centre for Indian Knowledge Systems, Chennai, involves the following steps:

- a. Application for seed production
- b. Registration of sowing report
- c. Field inspection
- d. Seed processing
- e. Seed sample and seed analysis
- f. Tagging and sealing

i. Application for seed production

Any person who wants to take up certified seed production should submit a sowing report in triplicate to the Assistant Director of Seed Certification to register the crop and season with a registration fee of ₹ 25/- (Rupees twenty-five only) and prescribed certification charges. The fee is for a single crop variety for an area up to 25 acres and for a single season.

ii. Registration of sowing report

After receiving the application of the sowing report, the Assistant Director of Seed Certification scrutinizes and registers the seed farm and duly assigns a Seed certification number for each sowing report.

iii. Field inspection

Field inspections to check for the factors that may affect the genetic purity and physical health of the seeds are conducted by the Seed Certification Officer (SCO) to whom the specific seed farm has been allocated. Number of field inspections differ from crop to crop. Generally field inspections are carried out during the following growth stages of the crop.

- Pre flowering stage
- Flowering stage
- Post flowering and Pre harvest stage
- Harvest time

iv. Seed processing

Once the seeds are harvested from the seed farm by following the required field standards, it is taken to the approved seed processing units. Each seed lot should accompany the processing report and each seed lot in the unit is verified with this

report. Processing includes cleaning, drying, grading, treating and other operations to improve the seed quality. Seed Certification Officer inspects the processing plant to check the possibility of mechanical mixtures.

v. Seed sampling and analysis

Seed sample should be sent to the seed testing laboratory for analysis through the Assistant Director of Seed Certification. The fee of ` 30/- (Rupees thirty only) for seed analysis should be paid during the registration of the seed farm. To analyse the genetic purity of the seed sample, the producer should pay a fee of ` 200/- (Rupees two hundred only) to the Assistant Director of Seed Certification. Seed lots which meet the prescribed seed standards like purity, free of inert matter, moisture percentage and germination capacity alone will be allotted the certification label. White colour label for foundation seeds and blue colour label for certified seeds should be bought from the Assistant Director of Seed Certification by paying ` 3/- and ` 2/- respectively.

vi. Tagging and sealing

Approved seed lots should be tagged with certification tag within two months from the date of the receipt of seed analysis report or within 30 days from the date of genetic purity test performed. On receipt of the seed tags, it is verified by the Seed Certification Officer. All the prescribed details are entered in the tag without any omission. The green colour (10 – 15 cm size) producer tag should also be attached to the seed lot along with the certification tag. Avoid stitching more than once on the tags. All the tagging operations should be done in the presence of the Seed Certification Officer. If tagging has not been done within the specific time limit, confirmation samples can be taken with prior permission from the Assistant Director of Seed Certification. In such cases the validity of the seed lot will be fixed from the initial date of seed analysis and tagged. The fee for the delayed tagging is ` 50/- (Rupees fifty only) and seed analysis fee of ` 30/- (Rupees thirty only) has to be paid in such cases.

3. Similarly, in the state of Uttarakhand, the process of seed testing and certification as prescribed in the Seeds Act, 1966 and the rules made thereunder is that a seed producing company/organization which wants to produce certified seeds applies to the Seed Certification Agency of the State Government (Uttarakhand State Seed and Organic Production Certification Agency) for certification of the seeds produced by it in collaboration with seed farmers as certified seeds. The Seed Certification Agency carries out field inspections of the seed farms at various stages: planting, pre harvest and harvest stage to see that the seed is being produced as per the prescribed standards. At the harvest stage, Seed Certification Agency estimates the quantity of seed that will be produced at the seed farm. Depending on the number of packets into which the seed shall be packed for marketing, the seed certification agency issues to the seed company signed seed certificates/tags to be attached to each packet of certified seed. The fee for such testing and certification is charged at three stages:

- (i) At field inspection level: On per hectare basis, (Rs. 300/ha by Uttarakhand State Seed Certification Agency)
- (ii) At the post processing stage at the seed processing plant: inspection and shift charges
- (iii) Issue of seed certificates: After the seed samples pass all the tests, seed certification agency issues the required number of seed certificates to be attached to each packet: amount is charged according to number of tags issued (` 3 to ` 8/tag)

4. It may be seen from the above that seed testing and certification is a multi-stage process, the charges for which are collected from the seed producers at different stages. Supply of seed tags to the seed producer is nothing but an element of the one integrated supply of seed testing and certification. All the above charges, including those for issue of seed certificates/tags by the Seed Certification Agency of Tamil Nadu and Uttarakhand to the seed producing organization/ companies are collected for the composite supply of seed testing and certification, which is exempt under Notification No. 12/2017-Central Tax (Rate) Sl. No. 47 (services by Central/State Governments by way of testing/certification relating to safety of consumers and public at large, required under any law). This clarification would apply to supply of seed tags by seed testing and certification agencies of other states also following similar seed testing and certification procedure.

5. However, the State Governments/Seed Certification Agencies may get the tags used in seed certification printed from other departments/ manufacturers outside. Supply of seed tags by the other departments/manufacturers to the State Government/Seed Certification Agencies is a supply of goods liable to tax. Whether such tags would be classified under Chapter 49 as tags made of paper or in Textile chapters as tags made of textile would depend upon the predominant material used in the tags.

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GST exemption on the upfront amount payable in installments for long term lease of plots, under Notification No. 12/2017 - Central Tax (R) S. No.41 dated 28.06.2017 - GST

Circular No. 101/20/2019-GST

30th April, 2019

Representations have been received by the Board seeking clarification regarding admissibility of GST exemption on the upfront amount which is determined upfront but is paid or payable in installments for long term (thirty years, or more) lease of industrial plots or plots for development of financial infrastructure under Notification 12/2017 - Central Tax (R) S. No.41 dated 28.06.2017.

2. The matter has been examined. The entry at S. No.41 of Notification 12/2017 - Central Tax (R) dated 28.06.2017 reads as under:

Sl. No	Chapter, Section, Heading, Group or Service Code (Tariff)	Description of Services	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
41	Heading 9972	"Upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable in respect of service by way of granting of long term lease (of thirty years, or more) of industrial plots or plots for development of infrastructure for financial business, provided by the State Government Industrial Development Corporations or	NIL	NIL