

Dr. Kalyan B. Goswami
Executive Director

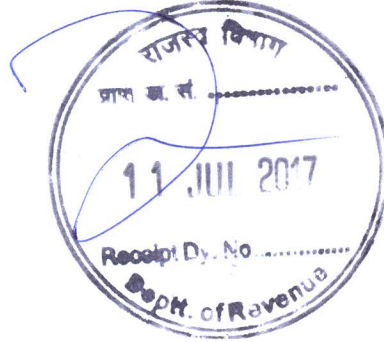
of
11/11/17



Ref. NSAI/2017/071

July 11, 2017

Dr. Hasmukh Adhia,
Secretary (Revenue),
Department of Revenue,
Government of India,
Ministry of Finance,
New Delhi.



AS
11/7/17
S/S to AS AD

Dear Sir,

Sub: Request for clarifications on product description.

Ref: NSAI letter to Secretary (Revenue) dated 4th July 2017 and other letters on the same subject.

Greetings from NSAI!!

We understand, as explained earlier that the intention of the Govt. of India is to exempt from the levy of GST all seeds, seedlings and planting material like tubers, roots etc., as continuation to the existing policy under the diverse taxes like VAT, Market Cess, Central Excise etc. Due to the adoption of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), there are certain confusions that are arising after the Implementation of the GST due to which the seeds of cereals are appearing as though taxable @5%.

Due to the above in the exemption notification issued under GST vide Notification No. 02/2017 dated 28th June 2017, the said exemption list covers "all goods of seed quality" under Chapter 9 and Chapter 12 only.

For instance, the said exemption list does not cover all good of seeds of quality pertaining to cereal crops under Chapter 10 which includes seeds of important crops such as rice, paddy, maize and other important cereals seeds (since as explained in the earlier representation seeds are essentially packed with the brand name of the company to facilitate the farmers identify the genuine source of the quality seed supply as well as to meet the mandatory labelling requirements under the Seeds Act,1966), similarly seeds for sowing purpose needs to be covered in chapters 6 to 14 which includes vegetable crops, spice crops (chilli, coriander etc), root crops, potato etc. The lists of crops under chapters 6 -14 are annexed as Annexure-1.

However, under GST reference has been made to Customs Tariff which is creating chaos on classification, resulting in exemption of few goods of seed quality while others remain under the tax though the intention of the Government may not be the same. It is pertinent to note that though India produces more than 95% of the domestic seed requirement, a few crop seeds are occasionally imported. Due to the same confusion under the Customs Tariff Act, 1975, the seeds of spices were being levied with a import duty contrary to the intentions of the Govt. of India. This was also represented to the Ministry of Agriculture & Farmers Welfare by NSAI with a request not to levy any import duty on seeds imported for sowing purposes. The Ministry of Agriculture has already recommended favorably to the Ministry of Finance for the exemption

from the import duty. Hence kindly consider above all points and issue clarification/ notification as appropriate

We wish to bring to your kind attention that Customs Tariff Act, 1975 covers crops in different chapters based on its nature and few chapters does not covers goods of seed quality which could have led to such inadvertent tax on seeds of important crops such as rice, paddy, maize and other important cereals seeds.

While the Central Excise also follows the Customs Tariff Act for goods classification, they have brought clarity on NIL rate of duty on seeds in Chapters 7-14. The Central Excise Tariff Act, 1985 schedules are annexed as Annexure 2, to this letter from where it can be seen that the rates under Central Excise Tariff Act under each chapter for seeds for sowing is Blank, which means the seeds for sowing purpose are exempt under Excise Act.

We hereby request to clarify that all goods of seed quality used for sowing purpose are exempt which is similar to current practice under VAT schedule. Please given below the relevant description mentioned under some of the State VAT Act for ready reference.

No.	State	Act	Schedule	Serial number and Description of Goods	Tax Rate
1	Uttar Pradesh	VAT Act 2008	Schedule I	34.All seeds including seeds of oilseeds (w.e.f.11 – 02 - 2009)	Exempted
2	West Bengal	VAT Act 2003	Schedule A	35B. Seeds of all varieties other than those specified elsewhere in this Schedule or in any other Schedule.	Exempted
				55B. Poppy seeds.	Exempted
3	Andhra Pradesh & Telangana	VAT Act 2005	Schedule I	44 Seeds for sowing and gardening purpose including the seed or grain, corresponding to the seed, sold to the nodal agencies, namely, Andhra Pradesh State Seeds Development Corporation (APSSDC), Andhra Pradesh State Co-Operative Marketing Federation (Andhra Pradesh Markfed), AP State Co-operative Oilseeds Growers Federation (OILFED), The Hyderabad Agricultural Co-operative Association Ltd.(HACA), National Seeds Corporation Ltd., and also including the seed or grain procured by the seed companies, duly following the Seed Certification or Labeling Procedure. (The original entry "44.Seeds for sowing and gardening purposes" was substituted by G.O MS No 818 Rev (CT-II) Dept, dated 30-06-2008 w.e.f 01-04-2005 and subsequently by Act no 28 of 2008 dated 24-09-2008 w.e.f 01-04-2008)	Exempted

Further, we wish to also bring to place on record that with regard to Customs Tariff, this forum has already represented for concerns on seeds for sowing purpose which were liable to customs duties due to above mentioned problems of interpretation of tariff while importing such seeds, for eg., coriander seeds classified as spices, and wherein we have already represented the matter vide our letter dated 14 December 2016.

It is therefore our humble submission that to have clarity may we request the Government to cover seeds, seedlings and plants used for sowing purpose under exemption list irrespective of chapter heading. For this purpose, a separate chapter heading may be created which covers "seeds, seedlings, saplings, planting material (tubers, roots etc) of all crops used for planting crops" under the NIL category GST rates. In view of on-going monsoon season, it is pertinent that such exemption may be provided at earliest to ease out farmers from liability to pay GST on their seeds procurements.

Yours sincerely,



Kalyan B. Goswami

C.C:

1. Dr. Ashok Dalwai, Additional Secretary, Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi
2. Dr. B Rajender, JS, Seeds, Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi
3. Mr. Seetharam Reddy, Joint Secretary (Trade), Dept. of Agriculture, Cooperation and Farmers Welfare, Govt. of India, New Delhi

Adviser
