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GOVERNMENT OF INDIA  
MINISTRY OF FINANCE : DEPARTMENT OF REVENUE  
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF GST & CENTRAL EXCISE  
TAMILNADU & PUDUCHERRY  
No.26/1, MAHATHMA GANDHI ROAD, CHENNAI - 600 034

C.No. IV/16/268/2017- Pr.CCO (GST-3)

Date: 23 -11-2017

**GST TRADE NOTICE NO.047/2017**

Sub: GST - **Clarification on taxability of custom milling of Paddy** - GST Circular  
No.19/19/2017-GST dated 20.11.2017 - Communication thereof - Reg.

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The Central Board of Excise & Customs [CBEC] has issued Circular No.19/19/2017-GST dated 20.11.2017 on **taxability of custom milling of Paddy**, as detailed hereunder:-

2. **Gist of clarification:** Milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. Further, processing of paddy into rice is not usually carried out by cultivators but by rice millers. Milling of paddy into rice also changes its essential characteristics. Therefore, milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. It has been clarified that **milling of paddy into rice is not eligible for exemption under S. No 55 of Notification No.12/2017-Central Tax (Rate)** dated 28.06.2017 and corresponding notifications issued under IGST and UTGST Acts. It is further clarified that **milling of paddy into rice on job work basis, is liable to GST at the rate of 5%, on the processing charges** (and not on the entire value of rice).
3. Amendment to GST Trade Notice No.41/2017 dated 09.11.2017 issued by this Office - In the 2<sup>nd</sup> column of the table of the aforementioned Trade Notice, the CGST Circulars referred in Sl.Nos.3 & 4 may be interchanged.
4. This Trade Notice is being issued so as to sensitize the trade and field formations ~~about the~~ about the contents of the aforesaid reference and for complete details, the respective reference may please be referred in the CBEC's website [www.cbec.gov.in](http://www.cbec.gov.in).
5. All the Commissioners are requested to bring the contents of the Trade Notice to the notice of all the officers working under their charge and the assesseees falling under their respective jurisdiction.
6. The Trade & Industry Associations/Chambers of Commerce are requested to bring the contents of the Trade Notice to the notice of all their members.

[C.P. RAO]  
PRINCIPAL CHIEF COMMISSIONER

To

- i. The Principal Commissioner / Commissioner of GST and Central Excise,  
Chennai North / Chennai South / Chennai Outer / Coimbatore / Salem / Tiruchirappalli /  
Madurai / Puducherry / Chennai Audit I / Chennai Audit II / Coimbatore Audit /  
Chennai Appeals I / Chennai Appeals II / Coimbatore Appeals Commissionerates
- ii. The Commissioner of Commercial Taxes, State CT Head Office, Ezhilagam,  
No.3, Kamarajar Salai, Chepauk, Chennai-600005 [ **By e-mail** ]
- iii. Zonal RAC Members [ **By e-mail** ]

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✓ The Computer Section, Chennai North Commissionerate - For uploading in website