
	KERALA AUTHORITY FOR ADVANCE RULING GOODS AND SERVICES TAX DEPARTMENT TAX TOWER, THIRUVANANTHAPURAM	 State Goods & Services Tax
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BEFORE THE AUTHORITY OF: Smt. Rajeswari. R. Nair, IRS &
: Shri. Abdul Latheef K.

Legal Name of the applicant	Regional Agricultural Research Station Pilicode
GSTIN	32AAVFR1310H1ZE
ARN	AD320223002545R
Address	Pilicode, Kasaragod, Kerala-671353
Advance Ruling sought for	Whether it is eligible for tax exemption under GST Act on ticket charges collected in relation to an Agricultural exhibition?
Date of Personal Hearing	14.09.2023.
Authorized Representative	Dr. Meena Manjusha, Assistant Professor and Smt. Sreema, Section Officer

ADVANCE RULING No. KER/29/2023 Dated 06/10/2023

1. Regional Agricultural Research Station, Pilicode, Kasaragod is a constituent institution of Kerala Agricultural University, headquartered at Mannuthy, Thrissur. It is the northern regional agricultural research station under the University and a pioneer institute started in 1916 under the British rule for coconut research and development activities.

2. At the outset it is clarified that the provisions of the Central Goods and Services Tax Act, 2017 (*herein after referred to as CGST Act*) and the Kerala State Goods and Services Tax Act, 2017 (*herein after referred to as*



KSGST Act) are same except for certain provisions. Accordingly, a reference herein after to the provisions of the CGST Act, Rules and Notifications issued there under shall include a reference to the corresponding provisions of the KSGST Act, Rules and the Notifications issued there under.

3. The applicant requested advance ruling on the following:

3.1. Whether it is eligible for tax exemption under GST Act on ticket charges collected in relation to an Agricultural exhibition?

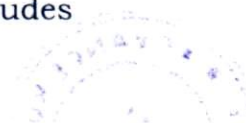
4. Contentions of the Applicant:

4.1. The applicant submits that they are acting as a centre for Kerala Agricultural University and engaged in research activities on coconut, rice, cashew, mango, floriculture, etc. Also they have Kasaragod dwarf cattle breed, Malabari goats and other integrated farming systems in their farm to showcase their visitors.

4.2. The issue is related to the clarity on GST liability with respect to the ticket charges collected from public on a special event, namely "Farm carnival 2023- Saphalam", conducted from 20.02.2023 to 01.03.2023. The carnival was planned for 10 days, which was an informative event and not conducted as a revenue generating activity. The only revenue received as part of that event was the ticket collection from public.

4.3. The main objective of the programme was to make an interaction with the members of Agricultural University with the farmers and common people and make them aware of new technology and scientific invention developed by scientist and also help them to use the technology in different agricultural activities for production of high yielding and profitable varieties of different crops.

4.4. The applicant provides exhibition to farmers for farm fields of almost 100 varieties of rice, different coconut palm varieties, millets, and bio-diversity parks, different kinds of flowering and fruit plants. Also it includes



different seminars in new methods in cashew farming, integrated farming system, rice breeding, different methods of biological production of agricultural products, biological methods in control of pests in agriculture, scientific methods of fertilization in coconut palms, spices cultivation, etc.

4.5. The applicant provides practical training in different kinds of agricultural machineries, cashew apple processing, budding, grafting, etc. The carnival further includes exhibition of different animals and birds. They also displayed some old agricultural machineries and arranged some stalls for informative purposes to the people about Yoga, Naturopathy, Allopathy, etc.

4.6. The applicant submits that the entire activities on part of the program are for the welfare of farmers and common people. The research station is not a tourist spot and they expect the local community in Kasaragode and Kannur districts only to be participating in this event. There is no fund assistance from the University and other Government institutions for conducting the programme. The Agricultural University sanctioned an advance of Rs. 50,000/- to meet the initial expenses for conducting the event and directed to adjust the same from the revenue collected in the form of ticket charges from visitors.

4.7. The applicant submits that it is difficult to balance the expenditure with the expected collections from ticket charges. The applicant already paid Rs.201424.89 as GST from the net revenue collection from ticket charges. Hence they requested to pronounce a Ruling in connection with the taxability on the revenue collected through tickets from the carnival.

5. Comments of the Jurisdictional Officer:

The application was forwarded to the jurisdictional officer as per provisions of Section 98(1) of the CGST Act. The Jurisdictional Officer reported that there is no pending or decided proceedings against the applicant under any provisions of CGST and KSGST Acts 2017.



6. Personal Hearing:

The applicant was granted opportunity for personal hearing on 13/06/2023 through Virtual Mode. Dr. Meena Manjusha, Assistant Professor and Smt.Sreema, Section Officer represented the applicant. Another opportunity for personal hearing in view of the change in constitution of the Advance Ruling Authority was granted on 14/09/2023. The applicant filed detailed statement of facts along with the application. They requested to issue the ruling on the basis of the submissions made by them in the application and during the personal hearing.

7. Discussion and Conclusion:

7.1. We have carefully examined the statement of facts and the oral submissions made during virtual hearing. The issue to be decided is the clarification on taxability of ticket charges collected on part of an exhibition- "farm carnival 2023- Saphalam", conducted by the applicant.

7.2. The questions on which advance ruling is sought by the applicant falls within the purview of clause (b) of sub-section (2) of section 97 of the CGST Act, 2017; i.e, applicability of a notification issued under the provisions of this Act and hence admitted.

7.3. The applicant is a research centre of the Kerala Agricultural University, Mannuthy specialized in coconut, rice, millets, cashew, flowering and fruit plants, etc. The purpose of conducting the exhibition is to provide interaction between the scientists of the University and the farmers for the intention to boost up the yield and quality of agricultural products. As part of this, the applicant provides various types of crops, different coconut palm varieties, millets, and bio-diversity parks, different kinds of flowering and fruit plants. Also it includes different seminars in new methods in cashew farming, integrated farming system, rice breeding, different methods of biological production of agricultural products,



biological methods in control of pests in agriculture, scientific methods of fertilization in coconut palms, spices cultivation, etc.

7.4. The applicant is a registered taxpayer under CGST and Kerala SGST Act 2017. They collected Rs.13,20,460.00 in the form of ticket charges from the exhibition conducted and paid the GST part Rs.201424.89 through returns. Now, the applicant requested to pronounce the ruling as to whether the supply effected by them are taxable, since the programme is not intended for a revenue generation activity and it is purely accomplished for the benefit of farmers.

7.5. We have verified the establishment and constitution of the Kerala Agriculture University which revealed that it is a Public University established under the Kerala Agriculture University Act, 1971 (hereinafter referred to as "KAU Act"). The preamble of the KAU Act states that it is an act to establish and incorporate a University for the development of agriculture in the State of Kerala. As per sub-section (1) of section 4 of the KAU Act, with respect to teaching at the University or college level, and research and extension educational programmes in the field of agriculture, the territorial jurisdiction and responsibility of the University shall extend to the entire State. Further, sub-section (1) of section 39 of the KAU Act required the University to carry on research throughout the State directed primarily to the problems of agriculture and allied sciences for the purpose of aiding the development of agriculture and for the benefit of the agricultural population of the State and shall for this purpose establish agricultural research stations. Accordingly, at present, the University has six Regional Agricultural Research Stations and the applicant is one of them.

7.6. Now, the issue to be decided is the applicability of GST on ticket charges collected as part of an exhibition- "Farm Carnival 2023-Saphalam", conducted by the applicant. First of all, we have verified whether the status



of the applicant, that is whether the applicant falls under the definition of “Governmental authority” or “Government entity”.

7.7. The term “Governmental authority” is defined in para 2(zf) of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017 as follows;

“(zf) “Governmental Authority” means an authority or a board or any other body, -

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government, with 90 percent or more participation by way of equity or control, to carry out any function entrusted to a Municipality under article 243 W of the Constitution or to a Panchayat under article 243 G of the Constitution.”

7.8. Article 243G of the Constitution reads as follows;

“243G. Powers authority and responsibilities of Panchayat:

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to -

(a) the preparation of plans for economic development and social justice.

(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh schedule.”

7.9. The functions entrusted to a Panchayat under the Eleventh Schedule of the Constitution are as under:

1. Agriculture, including agricultural extension.



2. Land Improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor Irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, Village and Cottage industries.
10. Rural housing.
11. Drinking Water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of Communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections and in particular of the scheduled castes and Scheduled tribes.
28. Public Distribution System.



29. Maintenance of the Community assets.

7.10. Thus, it can be seen that entry no. 1 of the Eleventh Schedule of the Constitution covers Agriculture, including agricultural extension. Therefore, Agriculture and its extension is a function entrusted to Panchayat under Article 243G of the Constitution. As per para 7.6. above, it can be seen that the Kerala Agriculture University and its Regional Agricultural Research Stations are established under the KAU Act for the purpose of extension of Agriculture in the State of Kerala and the Government has more than 90% control over the University and its research institutions. Accordingly, the applicant Regional Agricultural Research Station, Pilicode falls under the definition of "Governmental Authority".

7.11. We have also verified the applicability of services as provided in Sl. No. 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time in this particular case. The said entry is reproduced as under;

"Chapter-99 - Services by a Governmental Authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution."

7.12. From the above para it can be seen that any activity as services done by a Governmental Authority in relation to any function entrusted to Panchayat under Article 243G of the Constitution is exempted as per entry no. 5 of the Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017. The applicant vide its submissions states that the carnival "Farm Carnival 2023 - Saphalam" was conducted for the exhibition to farmers for farm fields of almost 100 varieties of Rice, different coconut palm varieties, millets, bio-diversity parks, different kinds of flowering and fruit plants. Also it includes different seminars on new methods in cashew farming, integrated farming system, rice breeding, different methods of biological production of agricultural products, biological methods in control of pests in



agriculture, scientific methods of fertilization in coconut palms, spices cultivation, etc. As part of the exhibition the applicant also provides practical training in different kinds of agricultural machineries, cashew apple processing, budding, grafting, etc.

7.13. The ticket charges collected by the applicant is for admission to the said Carnival. Thus it can be seen that the above activities provided in the Carnival by the applicant are the activities in relation to agriculture and its extension. As such, if the ticket charges collected by the applicant, a Governmental Authority, is exclusively meant for admissions to the aforementioned exhibitions in the Carnival which is in relation to the functions enlisted under Article 243G of the Constitution then only it is exempted from payment of GST by virtue of Sl. No. 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time.

However, as part of Carnival, if there are other activities which are not in relation to the functions enlisted under Article 243G of the Constitution including entertainment events such as stage shows, amusement parks etc and if the entry ticket is also required for access to those events then the aforesaid exemption will not be applicable. In such circumstances the amount collected from tickets will be taxable @ 18% in accordance with clause (b) of section 8 of the CGST Act as the supply is a mixed supply of service as defined under sub-section (74) of section 2 of the CGST Act.

7.14. Thus, for the reasons discussed hereinabove, we conclude that the applicant is eligible to claim exemption from payment of GST on ticket charges vide Sl. No. 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time, subject to the condition that the services provided by the applicant on receipt of ticket charge shall be the activities in relation to the functions enlisted under Article 243G of the Constitution.



RULING

Question: Whether it is eligible for tax exemption under GST Act on ticket charges collected in relation to an agricultural exhibition?

Answer: It is eligible to claim exemption from payment of GST on ticket charges vide Sl. No. 5 of Notification No. 12/2017-Central Tax (Rate) dated 28.06.2017, as amended from time to time, subject to the condition that the services provided by the applicant on receipt of ticket charge shall be the activities in relation to the functions enlisted under Article 243G of the Constitution. Otherwise, the activities are taxable @ 18% as discussed in para 7.13

Rajeshwari
6.10.2023
Rajeshwari.R.Nair

Additional Commissioner of Central Tax Joint Commissioner of State Tax
Member Member

Abdul Latheef K
Abdul Latheef K

To

Regional Agricultural Research Station Pilicode,
Kasaragode, Kerala - 671353.

Copy to,

1. The Chief Commissioner of Central Tax and Central Excise, Thiruvananthapuram Zone, C.R.Building, I.S.Press Road, Cochin-682018. [E-mail ID: cccchin@nic.in; ccu-cexcok@nic.in]
2. The Commissioner of State Goods and Services Tax Department, Tax Towers, Karamana, Thiruvananthapuram - 695002.
3. The State Tax Officer, Tax Payer services Circle, Hosdurge, Kasarkode.

