

MAHARASHTRA AUTHORITY FOR ADVANCE RULING

GST Bhavan, Room No.107, 1st floor, B-Wing, Old Building, Mazgaon, Mumbai - 400010.

(Constituted under Sec. 96 of the Maharashtra Goods and Services Tax Act, 2017)

BEFORE THE BENCH OF

(1) Shri. D.P. Gojamgunde, Joint Commissioner of, State Tax (Member)

(2) Smt. Himani Dhamija, Joint Commissioner of Central Tax, (Member)

ARN No.	NA
GSTIN Number, if any/ User-id	URD
Legal Name of Applicant	M/s. Sharad Sadashiv Patil
Registered Address/Address provided while obtaining user id	House no. 21, Ground Floor, Sadashiv Patil Niwas, Main Road, Malapude, A/P Shahuwadi, Kolhapur.
Details of application	GST-ARA, Application No. 81 Dated 17.03.2022
Concerned officer	Assistant Commissioner of SGST, Ichalkaranji-613 Kolhapur.

Nature of activity(s) (proposed/present) in respect of which advance ruling sought

A	Category	Other
B	Description (in brief)	Applicant is engaged in manufacturing of 'Masala Pan' (Commonly known as Meetha Pan.)
Issue/s on which advance ruling required		> Classification of goods and/or services or both
Question(s) on which advance ruling is required		As reproduced in para 01 of the Proceedings below.

PROCEEDINGS

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

The present application has been filed under Section 97 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017 [hereinafter referred to as "the CGST Act and MGST Act" respectively] by **M/s. Sharad Sadashiv Patil**, the applicant, seeking an advance ruling in respect of the following questions.

- 1. Classification of Goods/ Services (Please read with connecting question no.2).**
- 2. Whether Supply of 'Masala Pan' is a Composite Supply with Principal Supply as Betel Leaf and other components as ancillary supply?**

At the outset, we would like to make it clear that the provisions of both the CGST Act and the MGST Act are the same except for certain provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act would also mean a reference to the same provision under the MGST Act. Further to the earlier, henceforth for the purposes of this Advance Ruling, the expression 'GST Act' would mean CGST Act and MGST Act.

1. FACTS AND CONTENTION - AS PER THE APPLICANT

1.1 Applicant Mr. Sharad Patil has submitted that he is planning to manufacture & supply 'Masala Paan' (commonly known as Meetha Paan in India) to various states of India & even outside India to various customers and wishes to have a clarity over tax aspects for which AAR is being sought. According to him, he has chosen this activity due to the main reason that it is a favorite after-meal snack for most Indians & it plays a three-fold role i.e. It's a good breath-freshener, a digestive enhancer, and its sweet flavor is the perfect way to round up a heavy meal.

1.2 Accordingly to Applicant,

1.2.1 Masala Paan or Meetha Paan, made of betel leaves filled with a range of sweet jam-like spreads and crunchy titbits like tutti-frutti, cherries, chopped dates, etc., is a delightful treat to munch on, and a very effective mouth freshener. It is enjoyed mostly after dinner, although some people like to have it after lunch too.

1.2.2 Paan has originated from the Sanskrit word 'Parna' which means 'leaf'. Also called 'Betel Leaf', it has a history of 5000 years as it has not only ruled the Indian food culture but also travelled to the Pacific countries. From Indian mythology to Ayurveda, it can be found everywhere with its medicinal values.

1.2.3 Chewing betel leaves is an old tradition that is even mentioned in Ramayana. In the Ayodhya Kand Lord Rama has been portrayed spending leisure time chewing betel leaves to control hunger. Goddess Sita, gave a garland of betel leaves to Hanuman when he reached Lanka. It was given as a sign of love, delight and appreciation to him by Sita. In North India, wedding rituals involve a combination of betel leaf and areca nuts, which symbolizes strong bond and loyalty in a relationship.

1.2.4 Ayurveda considers betel as a powerful means of controlling various health issues. It is known for curing diseases caused by air and bile. Health experts believe that betel leaf juice was earlier prescribed as a remedy for infected ears. It is also used as an antiseptic, digestive aid, and mouth freshener. In early days, it was also used to make lips lovely by women, as it gives natural red color.

1.2.5 Whether it's North or South, these green leaves are an inseparable part of auspicious occasions. In Mysore, betel leaves are offered as a gift on special occasions, as a sign of good fortune. In Assam, it is offered right after the meal, as a sign of respect to the visiting guests. From the medical science perspective, this act is considered good for the digestive system, as the leaves help digest food easily. In North, festivals like Durga Puja and

Diwali, are incomplete without betel leaves, that are used to embellish Kalash (metallic or earthen pot) while performing various religious rites. It is believed that adding leaves to water purifies it.

1.2.6 While we all know about the very famous Banarasi Paan, there are many more varieties available that are equally tasty. The list includes Sada Paan, Meetha Paan, Silver Paan, Fire Paan, Maghai Paan, Rasmalai Paan, Chocolate Paan etc. Traditionally, paan was never a fancy food item that people celebrated. Thanks to social media world and people who have explored few faces of paan, today, it is considered as one exotic food item that is sold in the well-decorated studio and at weddings, you can find an elaborate counter with experts displaying various styles of paan. With time paan has changed its face, but the medicinal and cultural values associated with it are still strong and will never fade out.

1.3 Production Process:

1.3.1 Ingredients -

4 betel/paan leaves, 2 tbsp desiccated coconut, 2 tbsp mouth freshener mix, 2 tbsp tuttifruiti/raisins/chopped dates, 1 tbsp gulkand

1.4 Method -

Step 1 - Wash and dry the betel leaves. Cut their stem.

Step 2 - Mix all the ingredients together in a bowl.

Step 3 - Lay down all the betel leaves on a flat surface and place a table spoon of the paan filling in the center of each leaf.

Step 4 - Wrap the filling with the ends of the leaf and secure with a tooth pick

Serve this delicious paan to your family and share the nostalgia of relishing this bite-sized delight on the streets of your city [Perishable in nature, usually consumed immediately, best before 24 hours from preparation]

2. STATEMENT CONTAINING APPLICANT'S INTERPRETATION OF LAW

2.1 The product under consideration in our case is Masala Paan (Meetha Paan). This is exclusive Product made from and based on PAAN and different than many other products marketed by FMCG industry which are having Paan flavors such as Chocolates with Paan Flavors, Ice Creams with Paan flavors, Sweets-Mithai etc. with Paan Flavors or various mixes of PAAN available in packed sachets as mouth fresheners.

2.2 There is no reference to any specific HSN Code in Customs Tariff Act, 1975, and accordingly in Rates Notification issued under GST era.

In Customs Tariff Act, there is reference to 'Pan Masala' but the same is totally different food item than the one being discussed in our case. Just to avoid confusion, we have tried to chalk out few of the differences between the two:

Sr. No.	Masala (Meetha) Paan	Paan Masala
1	Main content or basic content is paan (Betel Leaf).	Does not content Betel.
2	Does not contain tobacco and cannot be mixed with tobacco	Paan masala contains tobacco products such as gutka.
3	Commonly eaten by all age groups	Not for minors (Banned due to Tobacco substances)
4	Have religious and traditional significance	Does not have any religious and traditional significance
5	Non-addictive and not injurious to health	Injurious to health, causes serious deceases
6	Does not have a classification reference in Customs Tariff Act	Has classification references in Customs Tariff Act (As discussed below)

The reference to "Pan Masala" in the CTA is with respect to the Tobacco based Food Item which is covered by either Chapter code 21 or Chapter Code 24 i.e.

2106	Miscellaneous Edible Preparations: All kinds of food mixes including instant food mixes, soft drink concentrates, Sharbat, Betel nut product known as "Supari", Sterilized or pasteurized millstone, ready to eat packaged food and milk containing edible nuts with sugar or other ingredients
2404	Products Containing Tobacco or Nicotine Substitutes and Intended for Inhalation Without Combustion"

2.3 Our product in question is totally different as it has nothing to do with Tobacco as a base or any use of it or Supari as Product as such.

Our product contents:

Sr. no.	Product Name	HSN Code	Rate of Tax
1	Betel Leaf	14049040	0%
2	Desiccated Coconut	08011100	5%
3	Mouth Freshener Mix (Commonly known as Mukhwaas/ Churna for Paan)	21069070	5%
4	TuttiFruiti	08111010	5%
5	Betel Nuts (Commonly known as Supari- Optional Item, usually not preferred by consumer in Masala Paan)	21069030	5%
6	Gulkand	20060000	12%

7	Fruit Pulp/Syrup/ Puree (Option used in various flavoured Masala Paan such as Mango Masala, Malai Masala, Strawberry Masala etc.)	20079990	12%
8	Catechu (Commonly known as <i>katha</i>) not very significant for majority of Masala Paan types)	14049050	18%
9	Edible Lime Paste (Commonly known as <i>chunna</i>) not very significant for majority of Masala Paan types)	21069099	5%

2.4 In normal course of business, Masala/ Meetha paan consists of above ingredients.

Usually depending upon the user/ consumer preferences out of all of above ingredients, **other than betel leaf all other ingredients are used while preparing the masala paan in more or less quantities as per consumer's preferences.** E.g. Some people may prefer not to have point no 8 & 9 (*kattha&chuna*) at all, other may prefer more quantity of point no 6 (*gulkand*) or few may choose to have masala paan with flavors of either 7 (*Chocolate/ Mango/ Malai/ Strawberry*). There can be various permutations and combinations that can be seen. Only thing that remains common is betel leaf as one cannot separate betel leaf from Masala Paan otherwise it will lose its identity &nature of a paan, meaning, to qualify it as PAAN it has to preparation with essential, crucial and central base ingredient being betel leaf. Where Paan is category then Masala/ meetha Paan becomes Special category of pan with usage of more or less ingredients from points no 2 to point no 9 mentioned above.

2.5 Composite supply as defined under Section 2(30) of CGST Act means,

'a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply'

From above definition following inference can be drawn:

A supply will be regarded as a 'composite supply' if the following elements are present:

- The supply should consist of two or more taxable supplies;
- The supplies may be of goods or services or both;
- The supplies should be naturally bundled;
- They should be supplied in conjunction (event, time or contract) with each other in the ordinary course of business;
- One of the supplies should be a principal supply (Principal supply means the predominant supply of goods or services of a composite supply and to which any other supply is ancillary)

2.6 The important condition above is that the goods and / or services involved in the supply must be naturally bundled. The concept of natural bundling needs to be

examined on a case-to-case basis. What is naturally bundled in one set-up may not be regarded as naturally bundled in another situation. For instance, stay with breakfast is naturally bundled in the hotel industry, while the supply of lunch and dinner, even if they form part of the same invoice, may not be considered as naturally bundled supplies along with room rent. In case of Masala/ Meetha Paan across any regional areas, most of the times, it is customarily used in the manner in which all the ingredients mentioned in point no 1 to point no 9 are mixed up in various proportions (which may be different from cases to case) but with the principle element as Paan (betel leaf) and other as per consumer choice. So as to call them as naturally bundled in usual course of business.

2.7 In Advance Ruling decided by Authority on Advance Ruling- Delhi, in case of *M/s. Deepak & Company No: 2/DAAR/2018 dt: 28/03/18*, the test of '*when would the supplies be in conjunction with each other in ordinary course of business*' was deliberated at length, in the said order, following indicators were identified:

2.7.1 If large number of customers or service receivers of such bundled services reasonably expect such services to be provided as package could be treated as naturally bundled. (*A masala paan eater would always expect a masala paan to be combination of various items from point no 1-9 in the Table attached in Point No 3 of our assessment*)

2.7.2 If majority of service providers in particular area of business, provide similar bundled services. For example: bundle of catering on-board and transport by air. (*Majority of Paan sellers would include these elements in any of the masala paan in more or less quantities with base element of betel leaf as constant*)

2.7.3 The nature of various services in bundled services will also help in determining whether the services are bundled in ordinary course of business. If nature of services is such that, one of the services is main service and other services combined with such service are in the nature of incidental or ancillary services which help in better enjoyment of main service. For example, Service of Stay in a hotel is often combined with a service or laundering of 3-4 items free of cost per day Such service is ancillary service to the provision of hotel accommodation. (*in our case all other ingredients such as gulkand, dry fruits etc enhance the test of paan which is the main ingredient, also a paan would not be preferred to be eaten raw by majority though preferred by few, would always be served as after meal snack*)

2.7.4 Other illustrative indicators, not determinative but indicative of bundling of services in ordinary course of business are:

- a) There is a single price or the customer pays same amount, no matter how much package they actually use or receive (*In usual course of business, a*

single price is paid by the customer i.e. consumer of paan irrespective of the composition of elements inside with base element always as betel leaf)

- b) The elements are normally advertised as package (*Nobody displays boards as Paan, Gulkand, Choona, Kattha, it will always be displayed as masala paan*)
- c) Different elements are not available separately (*A paan seller would normally not sell the elements separately in any customary shop*)
- d) The different elements are integral to one overall supply, if one or more is removed, the nature of supply would be affected. (*All the elements used in masala paan have their own reason and importance, though some customers may prefer to add/ remove, muse more or less quantities, it will loose its nature as masala paan if majority of ingredients are missing*)

2.8 From the above points it can be inferred that there is no straight jacket formula which can be laid down to determine whether services are naturally bundled in ordinary course of business. So, in the given scenario applying various above principles we are of the opinion that in any supply of Masala paan various ingredients are naturally bundled and effectively we may treat these bunch of services as Composite supply under Section 8 of CGST Act with Betel Leaf as its main/ principal supply.

2.9 As per Section 9 (a) of CGST Act, 'The tax liability on a composite supply shall be determined in the following manner: a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply'

Also, a principal supply is defined to mean 'the predominant element of a composite supply to which any other supply forming part of that composite supply is ancillary.'

The rate of tax applicable to such Composite supply, as per Section 9 above, shall be determined in respect of the principal supply alone, since the entire supply shall be deemed to be a supply of the principal supply alone.

2.10 In this particular case, identification of principle supply in case of the Composite Supply is of utmost importance. In a normal course of business for any person who wants to eat Masala Paan, the main intention of a recipient would be to eat paan. Other elements are incidental and ancillary to the main product of paan. A masala paan would not lose its character as masala paan with any of the elements from point no 2 to point no 12 are missing but if one excludes the lement of betel leaf, it would immediately loose its status as masala paan, and this will render them with only mixing of some elements i.e. masala.

2.11 Also as per the clarification given by *CBIC, Government of India, in Circular No 92/11/2019 dt: 07/03/2019*, we may interpret that in cases where two or more goods or services or both are procured for single price(treating the other as free of cost) (similar to transportation & accommodation above) without any separate consideration, it is

not an individual supply of free goods/services among them but It can at best be treated as supplying two goods for the price of one.

Taxability of such supply will be dependent upon as to whether the supply is a composite supply or a mixed supply and the rate of tax shall be determined as per the provisions of section 8 of the said Act.'

2.12 In our view when a person when want to consume the Masala or Meetha Paan, he wants to primarily eat the Betel Leaf (Paan) and as the same is eaten along with these ingredients to enhance its taste all those are essential components of supply and take up the nature of ancillary to the principal supply of betel leafs. Considering the above points it's worthwhile to assess that whether the said contractual services can be termed as 'Composite Supply' with Betel Leaf as 'Principal Supply'

Conclusion:

Based on all above points assessed as per our humble opinion, we feel that:

1. Classification of Goods/ Services

As there is no specific classification tariff entry for Masala Paan, it should be classified based on provision of Section 8 of CGST Act as it involves bunch of food elements.

2. Whether Supply of 'Masala Pan' is a Composite Supply with Principal Supply as Betel Leaf and other component as ancillary supply?

Based on points mentioned above, it should be characterized as Composite Supply where Principal supply is Betel Leaf chargeable at Nil Rate.

2.13 The Applicant has filed additional submission dated 24.09.2025 and has reiterated following aspects.

1. The applicant is engaged in the preparation and supply of Masala/Meetha Paan, also referred to as "Paan without Tobacco"
2. The process involves the use of Betel Leaf as the base, upon which ancillary ingredients such as Gulkand, Desiccated Coconut, Tutti Frutti, Catechu, Betel Nuts, Fruit Pulp, Mouth Freshener Mix etc are added.
3. It is submitted that the product is tobacco-free and nicotine-free and hence distinct from "Paan Masala" which falls under Chapter 21 and attracts higher rates of duty.

2.13.1 The applicant has also relied on following Advance rulings and judgments

- 1) M/s. Gujarat Energy Corporation Ltd. Transmission
(2025 (9) TMI 1043 - AUTHORITY FOR ADVANCE RULING, GUJARAT)
- 2) Commissioner v. Wipro Ltd.
(2015) 14 SCC 161 (under Central Excise law - relevant principle)
- 3) Torrent Power Ltd. Vs. Union of India
(Special Civil Application No. 5343 Of 2018 HC Gujarat)

3. CONTENTION - AS PER THE JURISDICTIONAL OFFICER:

3.1 As per the application; The proponent Mr. Sharad Patil is willing to start a business activity in which he is planning to exclusively manufacture & supply 'Masala Paan' (commonly known as Meetha Paan in India) to various states of India & even outside India.

3.2 There are various types of Paan in the market such as Sadha Paan, Meetha Paan, Silver Paan, Fire Paan, Rasmalai Paan, Chocolate Paan etc. However, the product under consideration in this case is Masala Paan (Meetha Paan). Thus, this case is exclusively for the Masala paan and doesn't include any other type of paan. Masala Paan or Meetha Paan, made of betel leaves is filled with a range of sweet jam - like spreads and crunchy titbits like tutti-frutti, cherries, chopped dates, etc. The ingredients of Masala paan, as also mentioned by the proponent in his application for Advance ruling, are as follows-

- 4 betel/ paan leaves, 2 tbsp desiccated coconut, 2 tbsp mouth freshener mix, 2 tbsp tutti frutti/ raisins/ chopped dates, 1 tbsp gulkand. Also, the production method, as described by the proponent is as follows-
- Step 1 - Wash and dry the betel leaves. Cut their stem.
- Step 2 - Mix all the ingredients together in a bowl.
- Step 3 - Lay down all the betel leaves on a flat surface and place a table spoon of the paan filling in the center of each leaf.
- Step 4 - Wrap the filling with the ends of the leaf and secure with a tooth pick.



Some other facts mentioned by proponent in his application are as follows- The product is perishable in nature and usually consumed immediately preparation.

- Masala Paan is totally different from 'Pan Masala' and does not contain Tobacco products.
- There is no reference to any specific HSN Code in Customs Tariff Act, 1975, and accordingly in Rates Notification issued under GST era.

3.3 Questions mentioned in the application with Hon. AAR, Maharashtra on which clarity is sought by the proponent are as follow:-

1. Classification of Goods/ Services (Please read with connecting question no.2) 2. Whether Supply of 'Masala Pan' is a Composite Supply with Principal Supply as Beetle Leaf and other component as ancillary supply.

3.4 In the application, the proponent has contended that, when a person wants to consume the Masala or Meetha Paan, he wants to primarily eat the Betel Leaf and as the same is eaten along with other ingredients to enhance its taste, hence it should be considered as composite supply with principal supply as betel leaf. He further contended that a masala paan would not lose its character as masala paan with any other ingredients are missing but if one excludes the element of betel leaf, it would

immediately loose its status as masala paan. Lastly, he contended that the masala paan should be charged at Nil GST tax rate. But the contentions of the proponent, as mentioned above, are not acceptable for following reasons.

3.4.1 Betel leaf, sadha paan and Masala paan are different from each other. Betel leaf is considered as an agricultural produce. It also has medicinal use. It is used as an antiseptic, digestive aid, and mouth freshener. It is also used in various religious rituals. Thus, being an agricultural produce having medicinal use betel leaf is taxed at Nil rate in GST.

3.4.2 However, Paan can be classified as a type of food product having betel leaf as an ingredient along with other ingredients. Masala paan is not an essential goods or services, rather it is consumed as a luxury item and hence should not be considered for Nil tax rate for GST.

3.4.3 The contention from the proponent that when a person wants to consume the Masala or Meetha Paan, he wants to primarily eat the Betel Leaf, is not acceptable.

3.4.4 Because, every customer has option to have sadha paan or betel leaf. If the primary purpose of customer is to have betel leaf and other items are ancillary or optional, he would rather choose to have sadha paan or a betel leaf, However the customer precisely demands Masala paan. Hence the purpose is to have Masala paan as whole along with all the ingredients as mentioned by the proponent and not mere betel leaf.

3.4.5 The contention of the proponent that, only betel leaf is important ingredient and if we separate betel leaf from Masala Paan it will lose its identity as Masala Paan is not acceptable.

3.4.6 Because, if we remove remaining ingredients other than betel leaf from the Masala paan, it won't be a Masala Paan anymore. It will be mere a betel leaf or sadha paan and it will lose its identity as Masala paan.

3.4.7 As per the section 2(30) of the CGST Act, 2017, composite supply is defined as follows-

“Composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

3.4.8 As per the section 2(90) of the CGST Act, 2017, principal supply is defined as follows- “principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;

3.4.9 Also, as per the section 2(74) of the CGST Act, 2017, mixed supply is defined as follows- “mixed supply” means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply;

3.4.10 Illustration: A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

3.4.11 From the above definitions of the composite supply and mixed supply it is clear that the most important precondition for any supply to be composite supply, which distinguishes it from the mixed supply, is that there should be a principal supply.

3.4.12 In the present case what immediately comes to the mind is that all the ingredients are equally important for the masala paan. It is not that the masala paan only contains betel leaf and all other ingredients are not necessary. One of the major ingredients of a composite supply is that, one of the supplies is a ‘principal supply’ and the others are subservient or incidental to it.

3.4.13 The illustration given in the CGST Act, as mentioned above, is that of supply of goods along with freight /insurance where the supply of the goods is the principal supply. Such is not the case here. It cannot be said that the betel leaf is the principal supply here and the other ingredients are incidental or not important. On the other hand, they are equally important to complete the supply. In a supply of goods, the customer agrees to purchase the goods and then agrees to pay for the insurance/freight and it is not that the supply of goods would not be complete without the insurance/freight but it is rather vice versa. The supply of insurance/freight depends on the supply of goods.

3.4.14 In the present case, all the ingredients are equally necessary and it is not that particular one of them is a Principal supply. Therefore, we cannot say that this is a composite supply where the supply of betel leaf is a principal supply. Each of these items can be supplied separately and is not dependent on any other item. Hence Masala paan is not a naturally bundled product. Also, as mentioned by the proponent, he wishes to supply the Masala Paan to various states of India

& even outside India. Considering the perishable nature of the product (best before 24 hours) the proponent may have to supply each item separately and not in a bundled form. Which further confirms that masala paan is a mixed supply where no supply is principal supply. The product ingredients along with their HSN code and GST tax rate are as follows.

Sr. no.	Product Name	HSN Code	Rate of Tax
1	Betel Leafs	14049040	0%
2	Desiccated Coconut	08011100	5%
3	Mouth Freshener Mix (Commonly known as Mukhwaas/ Churna for Paan)	21069070	5%
4	Tutti Fruiti	08111010	5%
5	Betel Nuts (Commonly known as Supari-Optional Item, usually not preferred by consumer in Masala Paan)	21069030	5%
6	Gulkand	20060000	12%
7	Fruit Pulp/Syrup/ Puree (Option used in various flavored Masala Paan such as Mango Masala, Malai Masala, Strawberry Masala etc.)	20079990	12%
8	Catechu (Commonly known as katha) not very significant for majority of Masala Paan types)	14049050	18%
9	Edible Lime Paste (Commonly known as chunna) not very significant for majority of Masala Paan types)	21069099	5%

3.5 This office has been asked to submit the additional information of M/s Sharad Sadashiv Patil regarding following points-

- (1) Registration No. of Central Excise or Service Tax or both as applicable.
- (2) Period of Registration in case of Para (1) above.
- (3) Registered Address for Central Excise or Service Tax or both as applicable.
- (4) (a) Classification of Goods and their Central Excise Tariff Heading. (b) Rate of Central Excise duty as applicable. (c) Details of benefit of notification of Central Excise if any availed.
- (5) (a) Classification of Service/Services as applicable. (b) Rate / Rates of Service Tax as applicable to services provided. (c) Details of benefits of Notification of Service Tax if any availed.

(6) Copies of Advance Ruling Application/orders if any obtained by applicant under the provisions of Central Excise, Service Tax and Sales Tax and their present status in case of your company/ related company or sister concern.

(7) Copy of Show Cause Notices / Adjudication orders in respect of Central Excise or Service Tax if any issued during Last Five years, in case of your company/ related company or sister concern.

(8) Cases of violation of Central Excise / Service Tax if any booked during Last Five years.

(9) Whether any proceeding is pending before any authority on said subject matter or otherwise.

3.6 In this regard, it is humbly submitted that the above-mentioned information regarding M/s Sharad Sadashiv Patil is related to Central excise and service tax, hence this office is unable to provide the information. This office has forwarded the requirements to the office of the Commissioner of Central GST, Kolhapur Commissionerate, vide letter of this office no. B-259 dated 26/04/2022 through proper channel. However, no reply, in this regard, is received from office of the Commissioner of Central GST, Kolhapur Commissionerate, as on 31/05/2022. Hence it is requested to kindly permit additional time of 15 days to provide the information. It can be seen that the Masala paan is mixture of about 9 ingredients which are essential ingredients of the final produce i.e. masala Paan. All the ingredients have specific importance for the specific taste of Masala paan. Hence masala paan is a mixed supply and not a composite supply. As seen from above table, 8 out of 9 ingredients have GST tax rates of 5%, 12% and 18%. Also, the customer pays more price for Masala paan than betel leaf or sadha paan. The additional cost is for the additional ingredients added to betel leaf. Thus, it has an impact on the final price of Masala paan. Thus, Considering the proportion of taxable items in the final product, the Masala paan should be taxed as per the definition of the Mixed Supply.

4. HEARING

Preliminary hearing in the matter was held on 31.05.2022. Shri. Girish Kulkarni C.A. appeared and requested for admission of the application. The Jurisdictional Officer Shri. Deepak Shinde, ACST, Kolhapur was Present.

The application was admitted and called for final hearing on 24.09.2025. Shri Girish Kulkarni (CA), authorized representative, appeared made oral and written submissions. The Jurisdictional Officer Mr. Manojkumar D. Bankar, Assistant Commissioner of SGST was present. Case is heard.

5. OBSERVATIONS AND FINDINGS:

5.1 We have gone through the written and oral submission made by the applicant and the jurisdictional officer. Based on the documentary evidence and written submissions produced on the record, following observations are made.

(1) The applicant, Mr. Sharad Sadashiv Patil is unregistered person under GST Act and is planning to start a business in which he plans to exclusively manufacture and supply 'Masala Paan' (commonly known as Meetha Paan) to customers in various states of India and even outside India and wishes to have a clarity over tax aspects for which Advance Ruling is being sought.

(2) According to the applicant, 'Masala Paan' is a favorite after-meal snack for most Indians and it plays a three-fold role i.e. It is a good breath-freshener, a digestive enhancer, and its sweet flavor is the perfect way to round up a heavy meal.

5.2 The applicant has explained, that, Masala Paan or Meetha Paan, is made of betel leaves filled with a range of sweet jam-like spreads and crunchy titbits like tutti-frutti, cherries, chopped dates, etc., and is a delightful treat to munch on, and a very effective mouth freshener. It is enjoyed mostly after dinner, although some people like to have it after lunch too.

5.3 The applicant has explained the making of 'Masala Paan' or 'Meetha Paan' process as under:

5.3.1. Ingredients are usually as below,

4 betel/ paan leaves, 2 tbsp desiccated coconut, 2 tbsp mouth freshener mix, 2 tbsp tuttifruiti/ raisins/ chopped dates, 1 tbsp gulkand

5.3.2 Steps involved in making of the paan are as below.

Step 1 - Wash and dry the betel leaves. Cut their stem.

Step 2 - Mix all the ingredients together in a bowl.

Step 3 - Lay down all the betel leaves on a flat surface and place a table spoon of the paan filling in the center of each leaf.

Step 4 - Wrap the filling with the ends of the leaf and secure with a tooth pick. Masala Pann is Perishable in nature, usually consumed immediately, best before 24 hours from preparation.

5.4 We shall now deal with the questions as below.

5.4.1 Question 1. Classification of Tariff Entry for Masala Paan.

Question 2. Whether Supply of 'Masala Pan' is a Composite Supply with Principal Supply as Betel Leaf and other components as ancillary supply?

5.4.2 Applicant has contended that, as there is no specific classification Tariff Entry for Masala Paan, it should be classified based on provision of section 8 of CGST Act as it involves bunch of food elements.

5.4.3 In the present case, the applicant has submitted the contents of his product, 'Masala Paan' as below.

Sr. no.	Product Name	HSN Code	Rate of Tax	Rate of Tax wef 22 nd Sept 2025
1	Betel Leaf	14049040	0%	
2	Desiccated Coconut	08011100	5%	
3	Mouth Freshener Mix (Commonly known as Mukhwaas/ Churna for Paan)	21069070	5%	
4	TuttiFruiti	08111010	5%	
5	Betel Nuts (Commonly known as Supari- Optional Item, usually not preferred by consumer in Masala Paan)	21069030	5%	
6	Gulkand	20060000	12%	5%
7	Fruit Pulp/Syrup/ Puree (Option used in various flavoured Masala Paan such as Mango Msala, Malai Masala, Strawberry Masala etc.)	20079990	12%	5%
8	Catechu (Commonly known as <i>kathia</i>) not very significant for majority of Masala Paan types)	14049050	18%	
9	Edible Lime Paste (Commonly known as <i>chunna</i>) not very significant for majority of Masala Paan types)	21069099	5%	



From above table, it is seen that the impugned product consists of combination of 9 ingredients.

5.4.5 On perusal of statement containing applicant's interpretation of law and facts with respect to this question, it is seen that applicant has contended that supply of 'Masala Paan' is 'Composite Supply' wherein supply of betel leaf is the principal supply.

5.4.6 It is seen that the expression 'composite supply' as defined in clause (30) of Section 2 of the GST Act, is as below,

[(30)] "composite supply" means supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is principal supply.

Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.

5.4.7 Thus, the essential ingredients that constitute Composite supply are-

- (i) The supply consists of two or more taxable supplies of goods or services or both or any combination thereof.
- (ii) Such supplies are naturally bundled.
- (iii) These supplies are supplied in conjunction with each other in ordinary course of business.
- (iv) One of these supplies is a principal supply.

5.4.8 Now let us examine whether the product, 'Masala Paan' satisfies the criteria of composite supply.

5.4.9 The concept of bundled service has been explained in the Education Guide issued by CBEC in the year 2012. Though, it is with respect to erstwhile services, it is equally useful in the case of supply of goods also. It is reproduced as below.

'Bundled Service' means bundle of provision of various services wherein element of one service is combined with an element or elements of various provision of any other service or services. An example of 'bundled service' would be air transport services provided by airlines wherein an element of transportation of passenger by air is combined with an element of provision of catering service on board. Each service involves differential treatment as a manner of determination of value of two services for the purpose of charging service tax is different.

The rule is- If various elements of bundled service are naturally bundled service in the ordinary course of business, it shall be treated as provision of single service which gives such bundle its essential character.

5.4.10 For a composite supply to happen, two or more supplies are required to be supplied in conjunction with each other in the ordinary course of business, one of which is principal supply. In 'Masala Paan', desiccated coconut, mouth freshener mix, tutti-frutti, raisins, chopped dates, gulkand are mixed together and this filling is placed on betel leaf and wrapped in it. The entire process leads to creation of a new product 'Masala Paan'. What consumer consumes is one whole product having unique taste. The identity of the ingredients dissolve into one final product. Thus, preparation and supply of 'Masala Paan' is not supply of various ingredients but one new product. Hence, supply of 'Masala Paan' does not amount to supply of several taxable goods in conjunction with each other but one product known as 'Masala Paan'.

5.4.11 The contention of the applicant that, only betel leaf is important ingredient and if we separate betel leaf from 'Masala Paan', it will lose its identity as Masala Paan is not acceptable. Because, if we remove remaining ingredients other than betel leaf from the Masala paan, it won't be a Masala Paan anymore. It will be mere a betel leaf or 'sadha paan' and it will lose its identity as 'Masala paan'. Therefore, a 'Masala Paan' is not naturally bundled supply and all ingredients

cannot be considered to have been supplied in conjunction with each other in ordinary course of business.

5.4.12 As the impugned product fails to satisfy the criteria mentioned above, the supply of 'Masala Paan' cannot be considered as a composite supply as defined under section 2(30) of GST Act.

5.4.13 In view of the above, the issue before us is to decide the right classification of the product 'Masala Pan' or 'Meetha Pan'. We invite the reference to the explanations (iii) & (iv) to the Notification No 01/2017-Central Tax (Rate) dated 28/06/2017, with regard to the classification, issues which specify as under:

(iii) "Tariff Item", "sub-heading" "heading" and "chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Custom Tariff Act, 1975 (51 of 1975).

(iv) The rules of interpretation of the First Schedule to the Custom Tariff Act, 1975(51 of 1975), including the section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as the case may be, apply to the interpretation of this notification.

5.4.14 From the nature of the impugned product, we proceed to examine the same vis-à-vis heading 2106. We observe that chapter heading 21 essentially covers 'Miscellaneous Edible Preparations'. Obviously, the term 'Miscellaneous' indicates that this particular chapter would contain all such edible products which are not specifically covered elsewhere under the Tariff. The chapter heading further describes various edible preparations such as extracts of coffee, tea yeast, soups broths, sauces etc. under Heading 2101 to 2105. Further, heading 2106 has been given to include all the products which are not included elsewhere. Furthermore, heading 2106 subdivides various edible items like Protein Concentrates, Pan Masala, Sharbat, Supari, Custard Powder etc. under subheading 21061000 to 21069080 and to conclude, there is residual entry as 'Others' under 2106 9099

5.4.15 It is pertinent to note that, Supplementary Note 6 to the Chapter 21 clearly mentions that-

"Tariff item 2106 9099 includes sweet meats commonly known as 'Misthans' or 'Mithai' or called by any other name. They also include products commonly known as "Namkeens", "mixtures" "Bhujiya", "Chabena" or called by any other name. Such products remain classified in these sub-headings irrespective of the nature of their ingredients".

To remove any doubt, this note clarifies that such products remain classified here irrespective of the nature of their ingredient.

5.4.16 We find that the product 'Masala Pan' is a product made from different ingredients as discussed above. On careful examination of different entries under Chapter 21, a quest for appropriate classification rests finally at 2106

9099, the residual entry, as the product itself does not find specific place anywhere else in the Chapter 21. We thus conclude that the impugned product viz, 'Masala Pan' or 'Meetha Pan' would merit classification as 'Miscellaneous Edible Preparation' under Chapter Heading 2106 9099.

5.4.17 In the case of M/s. Anand Products (AAR No. 05/2022 dated 12/04/2022), Madhya Pradesh AAR has discussed classification of a product 'Anna Malai Mithai'. It is observed that, impugned product is made from Skimmed Milk Powder, Sugar and Wheat Powder as main ingredients with Emulsifiers etc. put up in small sachet/pouch in semi liquid (paste) consistency, ready for consumption. The product cannot be termed as a Dairy Product or Sugar Confectionery. It was ruled that the product 'Anna Malai Mithai' is classifiable under HSN 2106 90 99 as a 'Sweetmeat'.

5.4.18 In the case of M/s. Square One Homemade Treats (Kerala AAR No. KER/66/2019 dated 30.09.2019), AAR has held the product Caramel Pudding, 'Fruit Salad Mix' and 'Tender Coconut Pudding' as classifiable under HSN code 2106 9099.

5.6. The applicant has relied on following Advance Ruling and judgments.

(1) Advance Ruling decided by Delhi Authority for Advance Ruling, in case of M/s. Deepak & Company No: 2/DAAR/2018 dt: 28/03/18.

(2) Gujarat AAR in case of M/s. Gujarat Energy Corporation Ltd. Transmission.

In these cases, the number of services though received as package can be separately identified at the end of recipient. In the current case, what customers receive is one new product, 'Masala Paan'. Since the facts of above cases are different, they are not helpful for interpretation in this case.

(3) Commissioner Vs Wipro Ltd (2015) 14 SCC 161.

(4) Torrent India (Special Civil Appl. No. 5343 of 2018 HC Gujarat)

In these cases, the issues are regarding valuation of goods/ services. The facts of those cases are different and hence the said ratios are not equally applicable to current case.

5.7 In view of the discussion in above paras, we hold that the product 'Masala Paan' is a classifiable under HSN 2106 9099 and chargeable to tax at the rate of 18% under entry No. 23 of schedule III of Notification 1/2017 CT(R).

06. In view of the extensive deliberations as held hereinabove, we pass an order as follows:

ORDER

(Under Section 98 of the Central Goods and Services Tax Act, 2017 and the Maharashtra Goods and Services Tax Act, 2017)

NO.GST-ARA- 81/2021-22/B- 629 Mumbai, dt. 28/11/2025

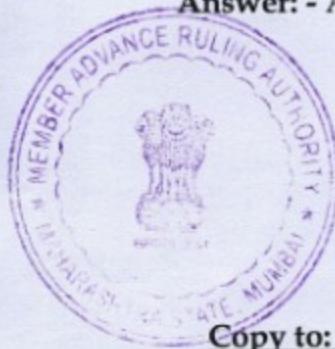
For reasons as discussed in the body of the order, the question is answered thus –

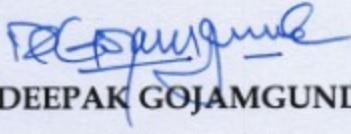
Question 1: Classification of Goods/ Services (Please read with connecting question no.2)

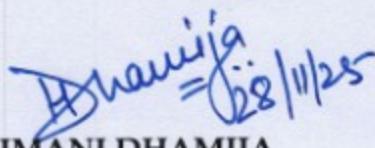
Answer: - The product, 'Masala Paan' or 'Meetha Paan' is covered under Chapter Heading 2106 9099 and chargeable to GST at the rate of 18% under entry No. 23 of Schedule III of Notification No. 1/2017 CT (R) Dated 28.06.2017.

Question 2: Whether Supply of 'Masala Pan' is a Composite Supply with Principal Supply as Betel Leaf and other components as ancillary supply.

Answer: - Answered in the Negative.




DEEPAK GOJAMGUNDE
(MEMBER)


HIMANI DHAMIJA
(MEMBER)

Copy to:-

1. The applicant
2. The concerned Central / State officer
3. The Commissioner of State Tax, Maharashtra State, Mumbai
4. The Pr. Chief Commissioner of Central Tax, Churchgate, Mumbai
5. The Joint commissioner of State Tax, Mahavikas for Website.

Note: -An Appeal against this advance ruling order shall be made before The Maharashtra Appellate Authority for Advance Ruling for Goods and Services Tax, 15th floor, Air India Building, Nariman Point, Mumbai - 400021. Online facility is available on gst.gov.in for online appeal application against order passed by Advance Ruling Authority.