

GOODS & SERVICES TAX / IDT UPDATE-174

Clarification regarding GST rate and classification of 'Rab'

The GST Council, at its 49th meeting held on 18.02.2023, reduced the GST rate on 'Rab' to 5%, when sold in pre-packaged and labelled form and 'Nil' rate, when sold in other than pre-packaged and labelled form. [Notification No. 03/2023-CT\(R\) dt. 28.02.2023](#) and [Notification No. 04/2023-CT\(R\) dt. 28.02.2023](#) were issued to give effect to these changes w.e.f. 01.03.2023.

However, it is also to be noted that in the 48th GST Council meeting held on 17.12.2022 it was held that 'Rab' is classifiable under the heading 1702 attracting GST rate of 18%.

[Circular No. 191/03/2023-GST dt. 27.03.2023](#) has now been issued to clarify that due to the prevailing divergent interpretations and genuine doubts regarding the applicability of GST rate on Rab, the issue for past period shall be regularized on "as is" basis.

Note: "Rab" means 'massecuite prepared by concentrating sugarcane juice on open pan furnaces, and includes Rab Galawat and Rab Salawat, but does not include khandsari molasses or lauta gur.

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