

GOODS

AND

SERVICES

TAX

GST
UPDATES

GST IMPLICATION ON PRE-PACKAGED
AND LABELLED FOOD ITEMS

GST ON PRE-PACKAGED AND LABELLED FOOD ITEMS

Vide Notification no.6/2022-Central Tax (Rate) dated 13th July, 2022, GST is made applicable when food items supplied are **pre-packed and labelled** irrespective of the fact whether branded or not.

Before such amendment tax was levied on such goods if they were **put up in unit container and:**

- Bearing a registered brand name; or
- Bearing a brand name on which actionable claim or enforceable right in court of law is available [**other than those where any actionable claim or any enforceable right in respect of such brand name has been voluntarily foregone**].

Thus, for better understanding of GST applicability, we have to understand what is covered/not covered or exempts under “**pre-packaged and pre-labelled products**” for which we have to take reference of Legal Metrology Act, 2009 and rules made thereunder.

- In order to be considered a product as “pre-packaged and labelled”, the following two conditions are to be fulfilled:
 - It shall fall under the definition of “pre-packaged commodity” under Section 2(l) of Legal Metrology Act, 2009.
 - The package bears the declarations under the provisions of the Legal Metrology Act and the rules made thereunder.
- As per section 2(l) of Legal Metrology Act, 2009 **pre-packaged commodity means** a commodity which without the purchaser being present is placed in package of whatever nature, whether sealed or not, so that the product contained therein has a predetermined quantity.

➤ **Requirement of Declaration:**

- Section 18 of Legal Metrology Act,2009 said that:
 - No person shall manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless such package is in such standard quantities or number and bears thereon such declarations and particulars in such manner as may be prescribed.
 - Any advertisement mentioning the retail sale price of a pre-packaged commodity shall contain a declaration as to the net quantity or number of the commodity contained in the package in such form and manner as may be prescribed.
- So, every pre-packaged retail pack should bear declarations required as per rules.
- Rule 3 and 26 of Legal Metrology (Packaged Commodities) Rules 2011 **provides the following to which Chapter II shall not apply:**
 - packages of commodities containing quantity of more than 25 kg or 25 litre excluding cement and fertilizer sold in bags up to 50 kg; and
 - packaged commodities meant for industrial consumers or institutional consumers.
 - the net weight or measure of the commodity is ten grams or ten millilitre or less, if sold by weight or measure;
*Provided that the declaration in respect of maximum retail price and net quantity shall be declared on packages containing 10g to 20g or 10ml to 20ml.
 - any package containing fast food items packed by restaurant or hotel and the like;
 - agricultural farm produces in packages of above 50 kg.
 - it contains scheduled formulations and non-scheduled formulations covered under the Drugs (Price Control) Order,1995 made under section 3 of the Essential Commodities Act, 1955 (10 of 1955).

- As per Rule 6 of Legal Metrology (Packaged Commodities) Rules 2011, certain mandatory declarations have to be made on every package, which are:
 - Name and address of the manufacturer/ Packer/ Importer.
 - Common or generic name of the commodity contained in the package
 - Net quantity in terms of standard unit of weight or measure in number.
 - Month and year of manufacture/ Pack/ Import
 - Retail sale price in the form of Maximum Retail Price (MRP)
 - Consumer Care details.

Thus, from above paragraphs we can understand that certain specific goods which are pre-packed up to 25 kgs or 25 litres and having declarations as required to be made are subject to GST.

For more clarification refer [FAQ issued by CBIC](#)


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