



JUDGEMENT

Softy Ice Cream Not a Dairy Product, Subject to 18% GST

Issued By:	Rajasthan AAR
In Case Of:	VRB Consumer Products Private Limited
Order No:	WBAAR 04 of 2024
Order Date:	31 st July 2024

N J JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

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FACTS & OBSERVATIONS

- VRB Consumer Products Pvt Ltd approached the Rajasthan Authority of Advance Ruling (AAR) regarding the taxability of their product "Vanilla Mix" also known as 'Softy Ice Cream'.
- The product contains 61.2% sugar, 34% milk solids (skimmed milk powder), and 4.8% other ingredients (flavoring substances, salt).
- The core question was whether the "Vanilla Mix" qualifies as a dairy product or falls under the category of processed food preparation for determining the applicable GST rate.

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- The Authority noted that the product's smooth and creamy texture was a result of both its composition and the processing in soft serve machines. Sugar was identified as the dominant ingredient.
- AAR ruled that the product cannot be classified as a "dairy product" despite containing milk solids, primarily due to the predominant sugar content and additional processing.
- Under the GST law, processed food preparations draw 18% GST, including products like table cream, jellies, and ice creams. The "Vanilla Mix" was thus classified under this category.
- The AAR held that "Vanilla Mix" (softy ice cream mix) is subject to 18% GST, not the lower rate applicable to dairy products.

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info@niteshjain.co.in

079-4002-2628