



GOVERNMENT OF INDIA/ भारत सरकार  
OFFICE OF THE COMMISSIONER: CENTRAL GOODS AND SERVICE TAX  
कार्यालय प्रधानआयुक्त: केंद्रीय वस्तु एवं सेवाकर  
ALWAR, COMMISSIONERATE.अलवर आयुक्तालय  
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F.No. GEXCOM/TECH/MISC/1183/2023/891

Date : 20.03.2023

To

1. All Principal Chief Commissioners/Chief Commissioners of GST & CentralExcise
2. All Principal Director Generals/Director Generals of G.S.T.I/GST/Audit.
3. All Principal Commissioners/Commissioners of GST & Central Excise
4. All Additional Director Generals of D.G.G.S.T.I./GST/Audit.

**MODUS OPERANDI CIRCULAR**

Madam/Sir,

Subject: Evasion of GST by means of misclassification of the product **Yogurt (HSN- 0403: Yogurt) taxable @ 5% but supplied as Dahi or Curd (HSN- 0403: Curd, Lassi, Butter milk) which is exempted upto 17/ 7/2022-reg.**

Based on specific information that M/s Dharmpal Satyapal Limited, Sargoth, Near Overhead Water Tank, Shree Khatushyam, Reengus, Sikar (Raj.) manufacturer/supplier of dairy products are evading GST on "Yogurt" by supply the same in the name of "Dahi" or Curd at nil rate of GST, an investigation was initiated by the officers of CGST Commissioner ate, Alwar against the taxpayer.

2. During the investigation, it has been noticed that the taxpayer has declared "CURD-HSN: 0403" ("Dahi") as exempted supply under Entry Sr. No.26 of Notification No.2/2017-Central Tax(Rate) dated 28.06.2017. On-going through the HSN: 0403 with the contents of Entry Sr. No.9 of Schedule-I of Notification No.1/2017- Central Tax (Rate) dated 28.06.2017 and of Entry Sr. No.26 of Notification No.2/2017- Central Tax (Rate) dated 28.06.2017, the word commonly known as "DAHI" is separately classified and has different taxability as detailed hereunder:

Particulars	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
Entry Sr. No.9 of Schedule-I of Notification No.1/2017- Central Tax(Rate) dated 28.06.2017	0403	Cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa
Entry Sr. No.26 of Notification No.2/2017- Central Tax(Rate) dated 28.06.2017	0403	Curd; Lassi; Butter milk

3. It is noticed that the items "YOGURT" and "CURD", are commonly known as "DAHI". However, on further examination, it is found that the items "YOGURT" and "DAHI" or Curd

are not similar. Although in appearance they look similar but the process of preparation of both the items are different which is analysed below:-

#### Differences between Yogurt and Curd or Dahi

Difference Parameters	Curd	Yogurt
Culture	Curd, Chhachh, Edible acids like lemon juice and vinegar	Bacterial Culture
Method of Preparation	Curd is made by coagulating milk with edible acids like lemon juice and vinegar in a process known as curdling made by fermenting milk with the help of Lactic Acid bacteria. This bacteria reacts with casein, a globular protein found in milk. The bacteria then produce energy during the reaction. Lactic acid is produced as a byproduct of the energy formation. This lactic acid then reacts with the globular proteins present in milk, denatures them, and results in the formation of a thick texture i.e., curd.	Using live strains of two commonly bacteria: "Lactobacillus Bulgaricus Bactrium" and "Streptococcus thermophiles etc. " and is practically impossible to make at home. The bacteria react with the sugar present in milk. The reaction produces lactic acid which then reacts with the protein in the milk and forms yogurt.
Nutrients	Curd is rich in calcium, iron, potassium, and vitamin B6	yogurt is a wonderful source of calcium, phosphorus, and vitamin B12
Uses	Curd contains more lactose than yogurt but significantly less when compared to fresh milk.	Less lactose and those who are lactose intolerant prefer yogurt.
Flavors	Curd is unsweetened and unflavored.	Yogurt can be found either plain or sweetened with a variety of flavors.
Making	Made at Home and by local vendors at low quantity	By Commercial Dairy Brands at bulk quantity
Expiry	This can be used within two- three days from the date of manufacturing.	This can be used within five to seven days from the date of manufacturing.

4. The taxpayer has wrongly classified the product "Yogurt: HSN- 0403" which is taxable @ 5% as per Entry Sr. No.9 of Schedule-I of Notification No.1/2017- Central Tax (Rate) dated 28.06.2017. The Taxpayer has supplied the "Yogurt: HSN-0403" in the name of "Dahi (Curd): HSN- 0403" which is exempted under Entry Sr. No.26 of Notification No.2/2017- Central Tax (Rate) dated 28.06.2017 , during the period July 2017 to July 2022.

5. So far, total evasion of GST of Rs.2.82Crores have been detected from the aforesaid taxpayer. Further investigation is under progress.

6. Since, the issue has a Pan India ramification, hence this modus operandi is being issued to brought into the notice of the field formations under your charge for taking further necessary action to safeguard the government revenue, as deemed fit.

Yours faithfully



(J. P. Singh)

Principal Commissioner  
CGST & Central Excise  
Commissionerate, Alwar