M/s. Saro Enterprises (Appellant; the Advance Ruling was sought by the same entity)

Appellate Authority for Advance Ruling — Tamil Nadu

ORDER-in-Appeal No. AAAR/01/2019 (AR), dated 06.02.2019 (A.R. Appea… Dated **06.02.2019**

Q Questions Before the Authority

- Whether the 'Agricultural seedling tray' made of plastic (polypropylene) manufactured by the Appellant falls under Chapter heading 8201 as a hand tool used in agriculture, and is therefore exempt from GST, or is classifiable elsewhere and taxable.

F Facts

The Appellant manufactures plastic seedling trays from polypropylene by injection moulding, using virgin and scrap material, and sells them mainly to farmers and small dealers for paddy transplantation. The trays were exempt under the earlier TNVAT regime on a 2014 advance ruling that treated them as agricultural implements. After GST, the Appellant claimed they fall under heading 8201 and so attract nil rate, and the original Authority ruled otherwise.

H Ruling

Classification of plastic agricultural seedling trays (Chapter 8201 claim)	**Not under Chapter 8201. Classifiable under CTH **39269099**, taxed at **9% CGST and 9% SGST**.**	Rate and CTH are as quoted from the original ruling at para 2.0 of the order, which the Appellate Authority upheld. The rate entries cited are Sl. No. 111 of Schedule III, Notification No. 01/2017-C.T.(Rate), and G.O.(Ms) No. 62 dated 29.06.2017 for SGST.

The Appellate Authority dismissed the appeal and upheld the original ruling. The plastic agricultural seedling trays are not classifiable under heading 8201 and are classifiable under CTH 39269099 as other articles of plastics, at 9% CGST and 9% SGST. The Authority found no reason to interfere with the original Authority's ruling.

R Reasoning

The Authority applied Section XV and Chapter 82 of the Customs Tariff, which covers only tools whose working part is of base metal, per Chapter Note 1 and the HSN General Explanatory Note. Because the tray is made wholly of plastic and has no working edge, it cannot fall under Chapter 82. For the residual phrase 'other tools of a kind used in agriculture' in heading 8201, the Authority applied ejusdem generis, reading it alongside specific items that all have working edges. It held that the tray's agricultural use alone does not bring it within 8201. The Authority also held that classification follows Explanatory Rule (iii) and (iv) to Notification No. 1/2017-Central Tax (Rate), and that the earlier TNVAT exemption does not govern GST classification.

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

P Provisions Relied On

- Section 97(1) and 97(2) of the CGST/TNGST Act 2017 (scope of advance ruling)
- Section 99, 100(1), 100(2), 101(1), 102, 103 and 104(1) of the CGST/TNGST Act 2017 (constitution, appeal, time-limit, bindin…
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, explanations (iii) and (iv)
- Notification No. 01/2017-C.T.(Rate) dated 28.06.2017, Schedule III SI. No. 111 (as cited in the original ruling)
- Notification No. 2/2017-Central Tax, SI. No. 137 (cited by the Appellant)
- G.O.(Ms) No. 62 dated 29.06.2017 (Tamil Nadu SGST rate entry, as cited in the original ruling)
- First Schedule to the Customs Tariff Act 1975: Section XV, Section Note 3, Chapter 82 Chapter Note 1, heading 8201
- HSN Explanatory Notes to Chapter 82 (General) and to heading 3926
- L.M.L. Ltd v. Commissioner of Customs, 2010 (258) ELT 321 (SC) (HSN as a guide to interpretation)
- Principle of ejusdem generis
- TNVAT Act 2006, Fourth Schedule Part B, Entry I(ii), and ACAAR No. 112/2013-14 dated 23.10.2014 (prior exemption, consi…

! For the Practitioner

This order is useful for a practitioner facing a claim that a plastic agricultural article is an agricultural hand tool under 8201. It confirms that Chapter 82 covers only base-metal tools with a working part of base metal, and that agricultural use alone does not bring a plastic article into 8201. It does not decide the classification of agricultural implements made of base metal or with a metal working part. Under Section 103 the ruling binds only the Appellant and the jurisdictional officers, and a prior TNVAT exemption does not carry over to GST.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> tn-aaar-01-2019.pdf

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