M/s Conservia Ecocrafts India Private Limited

Authority for Advance Ruling — Karnataka

Advance Ruling No. KAR ADRG 82/2019, Dated: 25th September, 2019 Dated **25.09.2019**

Q Questions Before the Authority

- What is the rate of tax applicable under GST on Areca Palm Leaf Plates?

F Facts

The applicant, a private limited company registered under the GST law, manufactures and sells machine-pressed Areca Palm Leaf Plates. The plates are made from the pericarnium (leaf sheath) of the areca palm, which is cut and heat-pressed in moulds into plates, cups and bowls. The applicant's view is that the plates fall under HSN 0604 and attract nil GST, as they did under the earlier Karnataka VAT regime.

H Ruling

Rate of GST on Areca Palm Leaf Plates made from areca leaf pericarnium	**2.5% (CGST and KGST)**	Applies from 22.09.2017 under entry 198A of Schedule I (leaf or reed products). HSN 0604 and entry 114B were held not applicable. The ruling section cites Notification No. 11/2017-CT(Rate), while para 5.5 cites No. 01/2017-CT(Rate); the scan is not clear on which is correct.

The Authority held that areca leaf plates made out of pericarnium of areca leaves are liable to tax at **2.5%** under the CGST Act from 22.09.2017, under entry 198A of Schedule I. The same 2.5% rate applies under the Karnataka GST Act, 2017. The applicant's proposed classification under HSN 0604 was rejected.

R Reasoning

The Authority first examined HSN 0604, which covers foliage and plant parts suitable for bouquets or ornamental purposes, and held that the plates are neither. It then examined entry 114B (khali dona and goods of sal, siali, sisal leaves and sabai grass) and found that areca leaf plates are not covered. Finally, it held that because the plates are made from a part of the areca leaf, they are a leaf product within entry 198A (grass, leaf or reed or fibre products, including mats, pouches, wallets), which attracts 2.5%. The Authority also noted that the CGST and KGST provisions are the same except where specifically stated, so the same conclusion applies under both Acts.

P Provisions Relied On

Section 97 of the CGST Act, 2017 (application for advance ruling)

Section 97 of the KGST Act, 2017 (application for advance ruling)

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

Section 98(4) of the CGST Act, 2017 (order of the Authority)	Section 98(4) of the KGST Act, 2017 (order of the Authority)

Entry 198A of Schedule I, Notification No. 01/2017-Central Tax (Rate) dated 28.06.2017 (as cited in para 5.5), read with the r…

Notification No. 27/2017-Central Tax (Rate) dated 22.09.2017 (amendment to entry 198A)

Entry 114B of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017, as amended by Notification No. 19/2018-Central…

HSN Chapter 0604 description (considered and rejected)

! For the Practitioner

This ruling is useful for manufacturers and traders of areca leaf or sheath plates and bowls, as it fixes the rate at 2.5% under both the CGST and KGST Acts from 22.09.2017, and rejects the nil-rate and HSN 0604 claim. It also shows the Authority's approach to classifying leaf-based products under entry 198A. It does not address the rate for periods before 22.09.2017, plates made from other materials, or any question on input tax credit or invoicing. Because the scan does not clearly show which notification number is correct in the ruling section, the citation should be checked against the original order before it is relied on.

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 -> kar_aar_82_2019_25.09.2019_seipl.pdf

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