K. Suresh

Authority for Advance Ruling — Tamil Nadu

ORDER No.24/ARA/2019 Dated: 21.06.2019 Dated **21.06.2019**

Q Questions Before the Authority

- What is the applicable rate of tax on the sales (supply) of 'Wet Wipes' manufactured by the applicant, which are non-woven cellulose wipes impregnated with 2% Chlorhexidine Gluconate, Allantoin, Glycerin, Menthol and fragrance?

F Facts

The applicant, who is not registered under GST, intends to manufacture 'Wet Wipes' impregnated with 2% Chlorhexidine Gluconate and supply them to dealers. He states the wipes are used as a sanitary wipe for bed-ridden or elderly persons and are sold only through medical shops, sometimes under prescription. He noted that some dealers charge 6% CGST and 6% SGST under Entry 235 (HSN 9619) of Schedule II.

H Ruling

Classification of 'Wet Wipes' supplied by the applicant	**Classifiable under 3307 90 90 of the First Schedule to the Customs Tariff Act, 1975**	Not CTH 3004 (medicaments) or CTH 9619 (sanitary towels), as claimed by the applicant and some dealers.
Rate of tax on supply of 'Wet Wipes'	**14% CGST and 14% SGST up to 14.11.2017; 9% CGST and 9% SGST from 15.11.2017**	The 14% rate is under Sl No 29 of Schedule IV of Notification 01/2017-C.T.(Rate) and G.O.(Ms) No.62; the 9% rate is under Sl No 60A of Schedule III, as amended.

The authority ruled that the product is classifiable under tariff heading 3307 90 90 of the Customs Tariff, not under 3004 or 9619. The applicable rate is **14% CGST and 14% SGST** up to 14.11.2017, and **9% CGST and 9% SGST** from 15.11.2017.

R Reasoning

The authority held that the Chlorhexidine-based ingredients are applied for wiping the skin and are not meant to be absorbed into the body, so CTH 3004 does not apply. It held that CTH 9619 does not apply because the product has no inner layer, absorbent core or outer layer. Applying CBIC Circular 52/26/2018-GST and the HSN explanatory notes to 3307, which cover non-woven wadding and felt impregnated with perfume or cosmetics, it treated the textile as a carrying medium and classified the product under 3307 90 90 by reference to GRI 3(b). The rate was then taken from the notifications in force for 3307 at the relevant times.

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

P Provisions Relied On

Section 98 of the CGST Act, 2017 (advance ruling)

Customs Tariff Act, 1975, First Schedule: Chapter 30, Note 1(e); Section VI, Note 2; CTH 3004; CTH 3307 90 90; CTH 9619

General Rules for Interpretation, Rule 3(b)

Explanatory Notes to HSN headings 3004, 9619 and 3307

CBIC Circular No.52/26/2018-GST dated 09.08.2018

Notification No.01/2017-C.T.(Rate) dated 28.06.2017, Schedule IV Sl No 29 and Schedule III Sl No 60A (as amended)

Notification No.41/2017-C.T.(Rate) dated 14.11.2017

G.O.(Ms) No.62 dated 29.06.2017 and G.O.(Ms) No.157 dated 14.11.2017 (Tamil Nadu)

! For the Practitioner

A practitioner can cite this ruling for the proposition that impregnated non-woven wet wipes used for skin hygiene are classified under 3307 rather than as medicaments or sanitary products, and for the 14% and then 9% rates for that period. It is an advance ruling binding only on the applicant, and it does not bind other manufacturers or decide the rate for medicated wipes with a different composition or use. The order also indicates that the ruling depends on the applicant's stated use and the samples and composition he supplied, so a different product description could lead to a different result.

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-24-aar-2019-k._suresh.pdf

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