Kanniwadi Nagarajan Sharmila (Prop: M/s. Sharmila Screen Printers)

Authority for Advance Ruling — Tamil Nadu

ORDER No. 12 /AAR/2018 Dated **27.09.2018**

Q Questions Before the Authority

- Which HSN code applies to sacks and bags of nonwoven fabric (the applicant's nonwoven rice bags)?
- What rate of tax applies to sacks and bags of nonwoven fabric, stated in the application as 5% or 12%, depending on whether the sale value is below or above Rs. 1000?

F Facts

The applicant buys nonwoven fabric rolls made of 100% polypropylene fibre, cuts and prints them to customer designs, and stitches them into bags of 5 kg, 10 kg and 25 kg capacity. The bags are sold to rice mills and other food packers for packing only, not as shopping or carry bags. The applicant states that every sale is below Rs. 1000 per bag.

H Ruling

HSN code for nonwoven sacks and bags used for packing rice and food	****HSN 6305 33 00** (printed as 63053300)**	Classification was based on the Chapter 63 heading and its explanatory notes, on the footing that the bags are of 100% polypropylene and used for packing goods.
Rate of tax on nonwoven rice bags (the question was framed as 5% or 12%)	****2.5% CGST and 2.5% SGST** (5% in total)**	Applies only where the sale value does not exceed Rs. 1000 per piece. The reproduced entry 224 shows a combined rate of 5. The order does not state any rate for bags above Rs. 1000.

The authority held that the nonwoven rice bags fall under HSN 6305 33 00 (printed as 63053300). For bags whose value does not exceed Rs. 1000 per piece, the applicable rate is **2.5% CGST and 2.5% SGST** , under S.No. 224 of Schedule I of the Central and Tamil Nadu rate notifications. The order does not address the rate for bags above Rs. 1000 per piece.

R Reasoning

The authority read explanations (iii) and (iv) to Notification 1/2017-C.T.(Rate) as requiring tariff headings and the Chapter and Section Notes of the Customs Tariff Act, 1975 to govern classification. On that basis it placed the product under heading 6305, which covers sacks and bags of a kind used for packing goods, and in sub-heading 6305 33 for polyethylene or polypropylene strip or the like. For the rate, it relied on S.No. 224 of Schedule I, which covers made-up textile articles of sale value not exceeding Rs. 1000 per piece, and it applied the corresponding Tamil Nadu G.O. (Ms) No. 62 entry. The ruling rests on the applicant's own statement that each bag sells below Rs. 1000, and it does not test that figure against the invoices beyond a sample review. The fit between a

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

fabric-based bag and a heading that refers to strip is not discussed in detail, so a reader should check the full order on that point.

P Provisions Relied On

- Section 98 of the CGST Act / TNGST Act, 2017 (advance rulings)
- Section 100(1) of the CGST Act / TNGST Act, 2017 (appeal within 30 days)
- Rule 104(1) of the CGST Rules, 2017 and the TNGST Rules, 2017 (application fee)
- Notification No. 1/2017-Central Tax (Rate) dated 28.06.2017, Schedule I, S.No. 224, and its explanations (iii) and (iv)
- G.O. (Ms) No. 62 dated 29.06.2017 (Tamil Nadu), Schedule I, S.No. 224
- First Schedule to the Customs Tariff Act, 1975, and its rules of interpretation
- Chapter 63, heading 6305 and sub-heading 6305 33, with the Explanatory Notes

! For the Practitioner

This ruling helps manufacturers of nonwoven polypropylene packing bags sold below Rs. 1000 per piece, such as those supplying rice mills, because it fixes HSN 6305 33 00 and a combined rate of 5% (2.5% CGST and 2.5% SGST). It does not decide the rate for bags priced above Rs. 1000, which the applicant had raised as a 12% question. It binds only the applicant and the concerned officers, so other suppliers should confirm the classification and value threshold against their own invoices.

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-12-aar-2018_sharmila_screen_printers_1.pdf

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