M/s Concepts India, 105, Sector-25, Part-II, HUDA, Panipat, Haryana (GSTIN 06AAGFC2541L1ZJ)

Authority for Advance Ruling — Haryana

Advance Ruling No. HAR/HAAR/R/2018-19/50 (In Application No. 50/2018… Dated **10.04.2019**

Q Questions Before the Authority

- What GST rate and HSN code apply to non-woven bags made of polypropylene, manufactured by the applicant and priced below Rs. 1000 per unit?
- Specifically, do the applicant's PP non-woven bags fall under Chapter 63, heading 6305 (sub-heading 6305 33 00, other sacks and bags of polyethylene or polypropylene strip or the like)?

F Facts

The applicant, a partnership firm, manufactures non-woven bags. It buys rolls of 100% polypropylene non-woven fabric (25 to 75 gsm), which it cuts and prints into sheets and then heat-seals into bags by machine. It claimed that the bags fall under heading 6305 and attract 5%, because the unit price is below Rs. 1000.

H Ruling

Whether PP non-woven bags fall under Chapter 63, heading 6305 (sub-heading 6305 33 00) at 5%	**No. **Heading 3923, sub-heading 3923 29 90 (other)**, at 18% (9% CGST and 9% HGST)**	Sub-heading 6305 33 00 requires polypropylene strip or the like. The bags are carved from sheets, not made from strip. The ruling is on the applicant's product as described, which is priced below Rs. 1000 per unit.

The Authority held that the applicant's PP non-woven bags are not covered by heading 6305. They fall under heading 3923, sub-heading 3923 29 90 (other), and are **taxable at 18% (9% CGST and 9% HGST)** . The bags are cut from sheets and are not made up of polypropylene strip, so the 5% concessional entry for strip-based bags does not apply.

R Reasoning

The Authority compared heading 6305, which covers sacks and bags for packing goods, with Chapter 39 and heading 3923. Sub-heading 6305 33 00 applies only to bags made of polyethylene or polypropylene strip or the like, and the applicant's bags are cut from sheets. Polypropylene is a thermoplastic polyolefin, so the bags are plastic articles. Heading 3923 covers plastic articles for the conveyance or packing of goods. The Authority also relied on para 7.4 of Circular No. 80/54/2018-GST dated 31.12.2018, which classifies PP woven and non-woven bags as plastic bags under HS 3923 at 18%.

P Provisions Relied On

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

Chapter 63, heading 6305 and sub-heading 6305 33 00 (GST Tariff)

Chapter 39, heading 3904 (GST Tariff)

Chapter heading 3923 and sub-heading 3923 29 90 (GST Tariff)

Circular No. 80/54/2018-GST dated 31.12.2018, para 7.4

Section 97(2)(a), CGST/HGST Act, 2017 (classification of goods or services)

! For the Practitioner

Manufacturers of PP non-woven bags cut from sheets can rely on this ruling for an 18% rate under 3923 29 90 rather than the 5% rate for strip-based bags under 6305 33 00. It is an advance ruling binding only on the applicant, and it turns on the method of manufacture. It does not decide the classification of woven bags made from strip, or of bags with other constructions or laminations, and those should be checked against the circular and the Tariff separately.

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 -> har_aar_50_2018-19_10.04.2019_ci.pdf

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