M/s Hariom Enterprises, A-9/1, Udyog Kunj, Panki, Site V, Kanpur (GSTIN 09AADFH9568D1Z3)

Authority for Advance Ruling — Uttar Pradesh

Order No. 20, dated 14.12.2018 (the order number is handwritten on the… Dated **14.12.2018**

Q Questions Before the Authority

- Whether non-laminated bags manufactured by the applicant from HDPE/PP strips of width not exceeding 5 mm, used for packing sugar, flour, food grain and other similar goods, are classifiable under Tariff Heading 6305 or Heading 3923 of the Customs Tariff Act.
- What is the rate of GST applicable on such non-laminated bags manufactured by the applicant.

F Facts

The applicant makes HDPE/PP woven bags in laminated and non-laminated varieties and supplies them to fertilizer, cement, sugar, flour and food grain industries. For the non-laminated bags, polymer film is slit into strips of width not exceeding 2.5 mm, the strips are wound on bobbins and woven on circular looms into tubular fabric, and the fabric is then cut and stitched into bags. The applicant states that the strip width in all cases does not exceed 5 mm, and it has produced BIS specifications to that effect.

H Ruling

Classification of non-laminated HDPE/PP woven bags (sugar, flour, grain and similar bags) from strips up to 5 mm wide	****Tariff Heading 6305** of the Customs Tariff Act (not Heading 3923)**	Reasoning points to sub-heading 63053300 (sacks and bags of polyethylene or polypropylene strips). The ruling operative text states only heading 6305.
GST rate on such non-laminated bags	****CGST 2.5% and SGST 2.5%****	The order states no IGST rate. The rate is stated for the subject goods as manufactured by the applicant, on the facts stated.

The authority accepted the applicant's interpretation. It held that the non-laminated bags made from HDPE/PP strips of width not exceeding 5 mm are to be classified under Tariff Heading 6305 of the Customs Tariff Act, and not under Heading 3923. It ruled that the applicant is liable to pay CGST at 2.5% and SGST at 2.5% on the subject goods.

R Reasoning

The authority held that Section XI (textiles) applies because Note 1(h) excludes only woven fabrics that are impregnated, coated, covered or laminated with plastics, and the applicant's fabric is none of these. Chapter 39 does not apply because its Note 2(p) excludes goods of Section XI. Within Chapter 63, sub-heading 63053300 specifically covers sacks and bags of polyethylene or polypropylene strips, and so is more specific than the Chapter 39 alternative. The authority relied on the CESTAT Mumbai decision in T.P.I. India Ltd. v. CCE,

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

Mumbai-II, reported at 2005 (189) E.L.T. 311 (Tri.-Mumbai). It also noted that Note 1(g) to Section XI excludes plastic strips only where they exceed 5 mm in apparent width.

P Provisions Relied On

- Section 98, Central Goods and Services Tax Act, 2017 (advance ruling)
- Customs Tariff Act: Tariff Heading 6305 and Heading 3923
- Tariff sub-heading 63053300 (sacks and bags of polyethylene or polypropylene strips)
- Section XI, Note 1(g) (monofilament and strip exclusion)
- Section XI, Note 1(h) (woven fabrics laminated or coated with plastics excluded)
- Chapter 39, Note 2(p) (goods of Section XI excluded)
- CESTAT Mumbai decision in T.P.I. India Ltd. v. CCE, Mumbai-II, 2005 (189) E.L.T. 311 (Tri.-Mumbai)

! For the Practitioner

A manufacturer of non-laminated woven sacks from strips of 5 mm or less can cite this order for Heading 6305 classification and the 2.5% plus 2.5% rate. The order does not settle laminated bags, bags with wider strips, or the IGST rate. Its reasoning is limited to the facts stated by the applicant, and the authority relied on the applicant's BIS specifications for the strip width.

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 -> up_aar_20_14.12.2018_he.pdf

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